

Final Official Statement Dated November 6, 2018

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: S&P Global Ratings: "AAA / SP-1+"

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code; the Bonds and the Notes are not "private activity bonds" and interest on the Bonds and the Notes is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals; however, for tax years beginning before January 1, 2018, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal alternative minimum tax for certain corporations; interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Exemption of the Bonds and the Notes" herein.)



Town of Bethel, Connecticut **\$20,000,000** **General Obligation Bonds, Issue of 2018**

Dated: Date of Delivery

**Due: November 15, 2019-2038,
As shown on the inside cover hereof:**

The Bonds will bear interest payable May 15, 2019 and semiannually thereafter on November 15 and May 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

The Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.

\$13,825,000 **General Obligation Bond Anticipation Notes**

Dated: November 15, 2018

Due: July 25, 2019

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated October 29, 2018. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Notes are not subject to redemption prior to maturity.

The Bonds and the Notes will be general obligations of the Town of Bethel, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds and the Notes will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC in New York, New York on or about November 15, 2018.

Town of Bethel, Connecticut

\$20,000,000

General Obligation Bonds, Issue of 2018

Dated: **Date of Delivery**

Due: November 15,
as shown below:

Year	Principal	Coupon	Yield	CUSIP¹	Year	Principal	Coupon	Yield	CUSIP¹
2019	\$ 1,000,000	5.000%	1.900%	086743TM3	2029*	\$ 1,000,000	4.000%	3.150%	086743TX9
2020	1,000,000	5.000%	2.030%	086743TN1	2030	1,000,000	3.250%	3.352%	086743TY7
2021	1,000,000	5.000%	2.100%	086743TP6	2031*	1,000,000	4.000%	3.300%	086743TZ4
2022	1,000,000	5.000%	2.190%	086743TQ4	2032	1,000,000	3.500%	3.500%	086743UA7
2023	1,000,000	5.000%	2.280%	086743TR2	2033*	1,000,000	4.000%	3.500%	086743UB5
2024	1,000,000	5.000%	2.350%	086743TS0	2034*	1,000,000	4.000%	3.600%	086743UC3
2025*	1,000,000	5.000%	2.460%	086743TT8	2035*	1,000,000	4.000%	3.650%	086743UD1
2026*	1,000,000	4.000%	2.600%	086743TU5	2036*	1,000,000	4.000%	3.700%	086743UE9
2027	1,000,000	3.000%	3.000%	086743TV3	2037*	1,000,000	4.000%	3.750%	086743UF6
2028*	1,000,000	4.000%	3.000%	086743TW1	2038	1,000,000	3.750%	3.895%	086743UG4

** Priced assuming redemption on November 15, 2024; however, any such redemption is at the option of the Town.*

\$13,825,000

General Obligation Bond Anticipation Notes

Dated: **November 15, 2018**
Rate: **3.000%**

Due: **July 25, 2019**
Yield: **2.000%**
CUSIP:¹ **086743UH2**

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “2017 Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinions in Appendices B-1 and B-2 “Form of Opinion of Bond Counsel – Bonds” and “Form of Opinion of Bond Counsel - Notes” herein), and makes no representation that it has independently verified the same.

Morgan Stanley & Co. LLC., an underwriter of the Bonds and the Notes, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds and the Notes.

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Appendix A - 2017 General Purpose Financial Statements

Appendix B-1 - Form of Opinion of Bond Counsel - Bonds

Appendix B-2 - Form of Opinion of Bond Counsel - Notes

Appendix C-1 - Form of Continuing Disclosure Agreement - Bonds

Appendix C-2 - Form of Continuing Disclosure Agreement - Notes

Appendix D-1 - Notice of Sale and Bid Form - Bonds

Appendix D-2 - Notice of Sale and Bid Form - Notes

Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, November 6, 2018 at 11:30 A.M. (Eastern Time).
Location of Sale:	Clifford J. Hurgin Municipal Center, First Selectman's Office, 1 School Street, Bethel, Connecticut 06801.
Issuer:	Town of Bethel, Connecticut (the "Town").
Issue:	\$20,000,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	Date of Delivery
Principal and Interest Due:	Principal due serially November 15, 2019 through November 15, 2038. Interest due May 15 and November 15 in each year until maturity, commencing May 15, 2019.
Purpose:	The Bond proceeds will be used to provide funds for various general purpose and school projects.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town received a rating of "AAA" for the Bonds from S&P Global Ratings ("S&P").
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B-1 - "Form of Opinion of Bond Counsel - Bonds".
Bank Qualification:	The Bonds <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and timely notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Barry Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut. Email: bbernabe@muniadvisors.com Telephone (203) 283-1110.
Legal Opinion:	Pullman & Comley LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 15, 2018. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Mr. Robert V. Kozlowski, Comptroller, 1 School Street, Bethel, Connecticut 06801, Telephone: (203) 794-8513.

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, November 6, 2018 at 11:00 A.M. (Eastern Time).
Location of Sale:	Clifford J. Hurgin Municipal Center, First Selectman's Office, 1 School Street, Bethel, Connecticut 06801.
Issuer:	Town of Bethel, Connecticut (the "Town").
Issue:	\$13,825,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	Date of Delivery
Principal Due:	At maturity: July 25, 2019
Interest Due:	At maturity: July 25, 2019
Purpose:	The Note proceeds will be used to provide funds for various general purpose and school projects.
Redemption:	The Notes are <u>NOT</u> subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Town received a rating of "SP-1+" for the Notes from S&P.
Note Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See Appendix B-2 - "Form of Opinion of Bond Counsel - Notes".
Bank Qualification:	The Notes <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of certain events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Barry Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut. Email: bbernabe@muniadvisors.com Telephone (203) 283-1110.
Legal Opinion:	Pullman & Comley LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about November 15, 2018. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Mr. Robert V. Kozlowski, Comptroller, 1 School Street, Bethel, Connecticut 06801, Telephone: (203) 794-8513.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Bethel, Connecticut (the “Town”), in connection with the issuance and sale of \$20,000,000 General Obligation Bonds, Issue of 2018 (the “Bonds”) and \$13,825,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated October 29, 2018 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendices D-1 and D-2 for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds or the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds and the Notes.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

The Town deems this Official Statement to be “final” for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut serves as Municipal Advisor to the Town with respect to the issuance of the Bonds and the Notes (the “Municipal Advisor”). The information in this Official Statement has been prepared by the Town, with the help of the Municipal Advisor. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will mature on November 15 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on May 15 and November 15 in each year until maturity, commencing May 15, 2019. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of April and October, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes. The legal opinions for the Bonds and the Notes will be rendered by Pullman & Comley LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. See Appendices B-1 “Form of Opinion of Bond Counsel - Bonds” and B-2 “Form of Opinion of Bond Counsel – Notes”.

Redemption Provisions

The Bonds maturing on or before November 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on November 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after November 15, 2024 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
November 15, 2024 and thereafter.....	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as Cede & Co., as nominee of the Depository Trust Company (“DTC”), is the registered owner of the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its successor nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its contents or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

Description of the Notes

The Notes will be dated November 15, 2018 and will be due and payable as to both principal and interest at maturity, July 25, 2019. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Notes are not subject to redemption prior to maturity.

Authorization and Purpose

The Bonds and the Notes are issued pursuant to Titles 7 and 10, as applicable, of the General Statutes of the State of Connecticut, as amended, the Town Charter of the Town of Bethel, and certain bond resolutions adopted by the Town at various Town Meetings and Town Referendums.

Use of Proceeds

The Bonds and Notes are being issued to provide financing for the following projects:

Project	Amount Authorized	This Issue:	
		The Notes Due: 7/25/19	The Bonds
General Capital Improvements 2012-2013	\$ 1,550,000	\$ -	\$ 276,957
General Capital Improvements 2013-2014	1,949,342	-	1,647,057
General Capital Improvements 2014-2015	2,433,145	1,000,830	685,520
General Capital Improvements 2015-2016	1,923,808	1,831,713	-
General Capital Improvements 2016-2017	1,438,000	992,457	345,543
General Capital Improvements 2017-2018	653,325	-	600,000
Police Headquarters	14,388,678	-	14,380,678
School Renovations (Rockwell & Johnson) *.....	65,831,143	10,000,000	2,064,245
Total	\$ 90,167,441	\$ 13,825,000	\$ 20,000,000

* The Town expects 46% state grant reimbursement on eligible expenses.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996.

Debt service reimbursement will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the old program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and subsequent bond issues necessary to completely fund the approved school project.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and the Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. For the Bonds, one fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. For the Notes, one fully-registered Note certificate will be issued for each interest rate of the Notes in the aggregate principal amount of such maturity.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P Global Ratings highest rating of AA+. The DTC Rules

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and the Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds and Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to the Town or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond and Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds or the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Securities

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or the Notes, and the Town fails to identify another qualified securities depository for the Bond or the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds or the Notes, the Town will issue fully-registered Bond and Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds or the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds or the Notes.

Security and Remedies

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such bonds would also be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the U.S. Congress or the Connecticut General Assembly extending to the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Connecticut General Statutes Section 7-566 provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior consent of the Governor. This prohibition applies to any town, borough, metropolitan district or any other political subdivision of the State having power to levy taxes or issue bonds or other obligations.

THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

The Bonds and the Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds or the Notes.

Availability of Continuing Information

The Town prepares, in accordance with State law, annual independent audited financial statements and files such annual reports with the State Office of Policy and Management on an annual basis.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data with respect to the Bonds and the Notes and notices of the occurrence of certain events with respect to the Bonds and the Notes pursuant to Continuing Disclosure Agreements to be executed by the Town substantially in the forms set forth in Appendices C-1 and C-2 to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information, operating data, and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has complied, in all material respects, with its undertakings under such agreements.

Ratings

The Town received ratings of “AAA” and “SP-1+” from S&P Global Ratings (“S&P”) on the Bonds and the Notes, respectively. The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town’s bonds and notes.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds or the Notes.

Tax Exemption of the Bonds and the Notes

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds and the Notes is not included in gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for taxable years that began before January 1, 2018 with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in computing the corporation’s federal alternative minimum tax liability.

Bond Counsel’s opinion with respect to the Bonds and the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds and the Notes in order that the interest on the Bonds and the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and the Notes irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds and the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond and Note proceeds and certain other matters. The opinions of Bond Counsel delivered on the date of issuance of the Bonds and the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds and the Notes.

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute the original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds and should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds and the Notes should be aware that ownership of the Bonds and the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds and the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trust and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds and the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the Notes and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law or otherwise

prevent beneficial owners of the Bonds and the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding the forgoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds and the Notes. Prospective owners of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds and the Notes.

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SECTION II – THE ISSUER



Connecticut

Description of the Town

The Town is located in northern Fairfield County, bordered on the east by Newtown, the west by Danbury, the north by Brookfield, and the south by Redding, and encompasses an area of 17 square miles. Bethel is located midway between the major metropolitan areas of New York City and Hartford. The Town is traversed by state highways 53, 58, 302, and Interstate 84. Because of its location, the Town has experienced considerable growth over the past several years.

Form of Government

The Town is governed by a Board of Selectmen, Board of Finance and Town Meetings. The First Selectman is the Chief Executive Officer of the Town.

Principal Municipal Officials

<i>Position</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Term of Office</i>
First Selectman	Matt Knickerbocker	Elected	12/17 – 12/19
Selectman	Richard Straiton	Elected	12/17 – 12/19
Selectman	Paul Szatkowski	Elected	12/17 – 12/19
Chairman, Board of Finance	Robert L. Manfreda, Jr.	Elected	12/17 – 12/21
Comptroller	Robert V. Kozlowski	Appointed	8/10 – Indefinite
Treasurer	Patricia Smithwick	Elected	12/17 – 12/19
Town Clerk	Lisa Bergh	Elected	12/17 – 12/21

Summary of Municipal Services

Police Protection: The Town has a full-time police force consisting of 38 sworn police officers including one chief, one captain, two lieutenants, four sergeants, one detective sergeant, one youth officer and a school resource officer. The police station is located in the geographic center of Town and last underwent extensive renovations in 1988. The department operates twenty-one vehicles patrolling Town roads of 85 miles. The Chief of Police is responsible for the day-to-day operations of the department. An elected five-member Board of Police Commissioners, with the First Selectman serving as the fifth member and its chairman, is responsible for overall administration.

Fire Protection: Fire protection covering all areas of the Town is provided by two volunteer fire departments, each located at strategic points in Town. The Bethel Fire Department is located in the downtown area, and the Stony Hill Fire Department is located in the more rural Route 6 area. Each department is equipped with the latest in fire-fighting equipment and a total force of 111 firefighters. Ambulance services are also provided on a volunteer basis, coordinated through each department. The Town also participates in a regional paramedic intercept program encompassing the towns of Bethel and Redding. This program provides a qualified, trained paramedic equipped with modern medical technology 24 hours a day, 7 days a week, to serve the needs of the two communities. The service is designed to intercept local ambulances en route to the hospital when advanced medical treatment is required. Both companies belong to a mutual aid system and have a central dispatch center for all calls. Each department elects a Fire Chief and other administrative officers to oversee the day-to-day operations.

Public Works: The Department of Public Works consists of seven Town departments. They are the Highway Department, Engineering, Building Maintenance, Tree Warden, Water Department, Sewer Department, and Solid Waste Removal. The services that each provide is as follows:

Highway Department: Maintenance of Town roads, including repair, sweeping, snow removal, and removal of debris.

Engineering: Design or review of all projects requiring engineering services.

Building Maintenance: Maintenance of all Town buildings including schools.

Tree Warden: Care and maintenance of all Town trees and removal of diseased or dead trees and limbs along Town roads.

Water Department: The Town owns and operates its own water company serving 3,426 households. It is responsible for the source, purification and distribution of its water supply. The Town water company operates two treatment facilities, owns three reservoirs, and maintains about forty miles of distribution lines.

Sewer Department: The Town currently operates and maintains seven pumping stations and 45 miles of transmission lines serving approximately 4,000 customers. It is responsible for the pumping of approximately 1,100,000 gallons of sewage per day to the City of Danbury waste water treatment facility.

Solid Waste: A transfer station facility is operated three and one-half days a week for the collection of solid waste generated within the Town. The waste is then hauled to a regional disposal plant located in another community. A program for salvaging and/or recycling metal, paper, glass and waste oil is in operation.

The day-to-day administration of the Public Works Department is the responsibility of the Public Works Director. With the exception of solid waste removal, each department also employs a full-time superintendent. The overall administration of the Public Works Department is vested in a five-member Public Works and Utilities Commission, which includes the three Selectmen.

Public Health and Social Services: The Town employs a full-time Health Director and Social Service Director, as well as a full-time Senior Citizen Director and part-time Municipal Agent. The Health Director is appointed by the Board of Selectmen with the approbation of the State Health Department and is responsible for the health of residents of the community and enforcing state and local public health laws. The Director of Social Services' major responsibilities include counseling services, disbursement of Town financial assistance to the needy and development and coordination of needed social services.

The Senior Center Director is responsible for the day-to-day operation of the Bethel Senior Center, coordination of center activities, counseling services and programs. Overall administration of the Senior Center is vested in the Commission on Aging, a five-member board appointed by the Board of Selectmen.

The Municipal Agent is appointed by the First Selectman. The agent's primary responsibility is to be a liaison between the senior citizens and the various agencies providing social and health services. In addition to the foregoing departments the Town appropriates funds to various private organizations to supplement services not provided by full-time Town personnel.

Library: The Town maintains a free public library employing a full-time Director of Library Services. Services provided are preschool programs, a reference service, bibliomation and numerous other library programs. The Library, located in the central business district of Town, currently has over 118,000 volumes on hand. Overall administration of the library is vested in the twelve-member Library Board of Directors, appointed by the Board of Selectmen.

Recreation: Programs in the Parks and Recreation Department take place at all outside recreational facilities as well as the five school buildings and the Bethel Municipal Center. Also, some programs such as snow skiing and the swim team are held at nearby facilities outside of the Town. Programs are planned and administrated by a full-time Recreation Program Director who reports to a full-time Parks and Recreation Director. Maintenance of park and recreation facilities is the responsibility of the Parks and Recreation Director who supervises a staff of three full-time maintenance and several seasonal employees. Overall administration of the Parks and Recreation Department is vested in a seven-member Recreation Commission appointed by the Board of Selectmen.

Education: The Board of Education of the Town is required by state law to submit an annual budget to the Board of Finance. The school budget is included with the Town's General Fund operating budget and submitted to the Annual Town Meeting for budget consideration and final approval. The school budget cannot be amended by line item by either the Board of Finance or the Town Meeting. Only the total amount of the budget may be changed. The Bethel Board of Education is responsible for the three elementary schools, which serve grades pre-K through five, the Bethel Middle School, which serves grades 6–8, and the Bethel High School serving grades 9–12. All schools are in the Bethel Educational Park located in the geographic center of Town. The Superintendent of Schools is responsible for the day-to-day operations of the school system. Overall administration of the education system is the responsibility of a nine-member elected Board of Education.

Municipal Employees and Collective Bargaining

	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
General Government	227	224	242	246	245
Board of Education	442	444	445	434	434
<i>Total</i>	669	668	687	680	679

Employers	Bargaining Organizations	Positions Covered	Current Contract Expiration Date
Board of Education			
Administrators	BAA	14	6/30/2020
Certified Staff	BEA	268	6/30/2019
Secretaries/Clerk Typist	AFSCME	24	6/30/2020
Nurses	SNA	6	6/30/2019
Paraprofessionals	UPSEA	64	6/30/2020
Custodians	Teamsters	22	6/30/2019
Cafeteria	BCW	23	6/30/2021
Non-Bargaining	N/A	21	N/A
Total Board of Education Employees		442	
Town Groups			
Highway Department	AFSCME	13	6/30/2019
Police Department	UPSEU	34	6/30/2018 ¹
Building Maintenance	AFSCME	5	6/30/2019
Police Dispatchers – Clerical	UPSEU	12	6/30/2020
Recreation Department	AFSCME	4	6/30/2019
Transfer Station	AFSCME	2	6/30/2019
Administrative Clerical	CSEA	28	6/30/2019
Public Utilities	AFSCME	4	6/30/2019
Non-Bargaining	Classified Service	21	N/A
Non-Bargaining	Volunteer Firefighters	104	N/A
Total General Government Employees		227	

¹ In negotiation.

Source: Town of Bethel, Finance Department

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational System School Enrollments

<u>Historical</u>					
School Year	PreK-5	6-8	9-12	Special Education	Total
2009-2010	1,353	705	987	30	3,075
2010-2011	1,296	684	959	25	2,964
2011-2012	1,329	693	949	21	2,992
2012-2013	1,332	684	959	21	2,996
2013-2014	1,384	672	933	17	3,006
2014-2015	1,344	696	891	17	2,948
2015-2016	1,405	656	897	17	2,975
2016-2017	1,418	683	883	17	3,001
2017-2018	1,473	659	915	17	3,064
2018-2019	1,436	745	909	17	3,107
<u>Projected</u>					
School Year	Pre K-5	6-8	9-12		Total
2019-2020	1,413	747	932	18	3,110
2020-2021	1,400	740	967	18	3,125
2021-2022	1,400	740	992	18	3,150

Source: Town of Bethel, Superintendent's Office

School Facilities

School	Grades	Year Constructed (Last Remodeled)	Number of Classrooms	10/1/2018 Enrollment ¹	Rated Capacity
High School	9-12	1970 (1978, 2009)	70	926	1,200
Middle School	6-8	1991	56	745	868
Berry School	Pre-K-3	1953 (2001)	36	524	625
Rockwell School	K-3	1971 (1979)	27	428	600
Johnson School	4-5	1980	34	484	725
Total			223	3,107	4,018

¹ Excludes Special Education out-of-district placements.

Source: Town of Bethel, Superintendent's Office

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SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population Trends and Densities

Year	Actual Population¹	% Increase	Density²
2016 ³	19,369	4.2%	1,146.1
2010	18,584	2.9%	1,099.6
2000	18,067	3.0%	1,069.1
1990	17,541	9.6%	1,037.9
1980	16,004	46.2%	947.0
1970	10,945	-	647.6

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 16.9 square miles.

³ American Community Survey 2012-2016

Age Distribution of the Population

Age	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	876	4.5%	188,812	5.3%
5 to 9 years	1,261	6.5	210,557	5.9%
10 to 14 years	1,323	6.8	228,543	6.4%
15 to 19 years	1,270	6.6	252,522	7.0%
20 to 24 years	1,090	5.6	242,007	6.7%
25 to 34 years	2,068	10.7	438,471	12.2%
35 to 44 years	2,419	12.5	439,606	12.3%
45 to 54 years	3,608	18.6	545,977	15.2%
55 to 59 years	1,600	8.3	263,778	7.4%
60 to 64 years	1,224	6.3	223,274	6.2%
65 to 74 years	1,649	8.5	303,959	8.5%
75 to 84 years	670	3.5	163,137	4.5%
85 years and over	311	1.6	87,927	2.5%
Total.....	19,369	100%	3,588,570	100%
Median Age (Years) 2016.....	42.7		40.6	

Source: American Community Survey 2012-2016

Income Levels

	Town of Bethel	State of Connecticut
Per Capita Income, 2016.....	\$ 44,782	\$ 39,906
Median Family Income, 2016.....	\$ 110,246	\$ 91,274
Percent Below Poverty (Families), 2016.....	3.20%	10.40%

Source: American Community Survey 2012-2016

Income Distribution

Income	Town of Bethel		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	37	0.7%	29,623	3.3%
10,000 - 14,999.....	50	1.0	17,060	1.9%
15,000 - 24,999.....	115	2.2	44,354	5.0%
25,000 - 34,999.....	210	4.1	54,456	6.1%
35,000 - 49,999.....	444	8.7	81,300	9.1%
50,000 - 74,999.....	757	14.8	137,336	15.4%
75,000 - 99,999.....	591	11.5	124,033	13.9%
100,000 - 149,999.....	1,464	28.6	186,214	20.8%
150,000 - 199,999.....	722	14.1	96,075	10.7%
200,000 and over.....	728	14.2	123,962	13.9%
Total.....	5,118	100.0%	894,413	100.0%

Source: American Community Survey 2012-2016

Educational Attainment

Years of School Completed – Age 25 and Over

	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	259	1.9%	103,279	4.2%
9th to 12th grade.....	538	4.0	139,653	5.7
High School graduate.....	3,242	23.9	673,220	27.3
Some college, no degree.....	2,591	19.1	427,232	17.3
Associate's degree	948	7.0	184,426	7.5
Bachelor's degree.....	3,632	26.8	524,370	21.3
Graduate or professional degree.....	2,339	17.3	413,949	16.8
Total.....	13,549	100.0%	2,466,129	100.0%
Total high school graduate or higher (%)..		94.1%		90.1%
Total bachelor's degree or higher (%).....		44.1%		38.0%

Source: American Community Survey 2012-2016

Major Employers As of October 2018

Employer	Type of Business	Number of Employees
Bethel Healthcare.....	Healthcare Services	311
Duracell	Consumer Products	300
Memry Corp.	Medical & Technology Devices	230
Big Y	Supermarket	198
Bethel Food	Supermarket	170
Target.....	Retail Store	165
Eaton Corporation	Aerospace Research	140
Maplewood Nursing Home.....	Health Facility	129

Source: Town of Bethel Finance Department.

Labor Force Data

Period	Percentage Unemployed				
	Town of Bethel		Town of Bethel	Bridgeport-Stamford Labor Market	State of Connecticut
	Employed	Unemployed			
September 2018.....	10,560	357	3.3	3.9	3.8
Annual Average					
2017.....	10,522	437	4.0	4.7	4.7
2016.....	10,299	478	4.4	5.2	5.3
2015.....	10,203	500	4.7	5.5	5.6
2014.....	10,511	567	5.1	5.3	6.7
2013.....	10,287	685	6.2	6.2	7.9
2012.....	10,202	717	6.6	6.7	8.3
2011.....	10,264	758	6.9	7.0	8.8
2010.....	9,974	834	7.7	7.7	9.0
2009.....	10,025	798	7.4	7.3	8.2
2008.....	10,400	470	4.3	4.5	5.7

Source: State of Connecticut, Department of Labor.

Industry Classification

Sector	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	21	0.2%	7,209	0.4%
Construction.....	732	6.9	101,497	5.7
Manufacturing.....	1136	10.6	190,713	10.6
Wholesale trade.....	214	2.0	45,110	2.5
Retail trade.....	1143	10.7	193,853	10.8
Transportation warehousing, and utilities....	326	3.1	66,516	3.7
Information.....	250	2.3	42,374	2.4
Finance, insurance, real estate, and leasing..	819	7.7	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	1697	15.9	206,042	11.5
Education, health and social services.....	2,476	23.2	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	831	7.8	153,754	8.6
Other services (except public admin.).....	728	6.8	81,588	4.5
Public Administration.....	297	2.8	66,291	3.7
Total Labor Force, Employed.....	10,670	100%	1,793,688	100.0%

Source: American Community Survey 2012-2016

Building Permits

Fiscal Year Ending 6/30	Residential		Industrial / Commercial		Total	
	Number	Value	Number	Value	Number	Value
2018 ¹	207	\$ 40,938,436	37	\$ 17,303,127	244	\$ 58,241,563
2017	233	13,660,232	55	7,185,836	288	20,846,068
2016	300	16,120,688	40	1,565,678	340	17,686,366
2015	209	14,150,504	41	2,796,391	250	16,946,895
2014	89	16,685,847	4	10,790,020	93	27,475,867
2013	41	8,797,119	1	121,500	42	8,918,619
2012	36	8,306,190	1	135,000	37	8,441,190
2011	60	12,615,988	-	-	60	12,615,988
2010	61	13,233,733	3	592,050	64	13,825,783
2009	28	6,329,275	2	268,000	30	6,597,275

¹ The Town recently changed the formula for how to calculate the dollar value. The Town now uses the national average for construction costs.

Source: Town of Bethel, Building Department.

Age Distribution of Housing

Year Built	Town of Bethel		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,171	15.5%	334,202	22.4%
1940 to 1969.....	2,466	32.6	533,202	35.7
1970 to 1979.....	1,851	24.5	200,614	13.4
1980 to 1989.....	978	12.9	190,755	12.8
1990 to 1999.....	548	7.2	113,584	7.6
2000 or 2009.....	382	5.1	104,308	7.0
2010 or later.....	167	2.2	17,133	1.1
Total Housing Units	7,563	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Housing Units by Type of Structure

Housing Units	Town of Bethel		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,243	69.3%	882,236	59.1%
1-unit, attached.....	645	8.5	80,639	5.4
2 units.....	506	6.7	123,152	8.2
3 or 4 units.....	297	3.9	130,686	8.7
5 to 9 units.....	456	6.0	82,581	5.5
10 to 19 units.....	231	3.1	56,858	3.8
20 or more units.....	185	2.4	125,758	8.4
Mobile home.....	-	-	11,534	0.8
Boat, RV, van, etc.....	-	-	354	0.0
Total Inventory.....	7,563	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Owner-Occupied Housing Units

Specified Owner-Occupied Units	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	101	1.8%	24,343	2.7%
\$50,000 to \$99,000.....	17	0.3	29,703	3.3
\$100,000 to \$149,999.....	120	2.1	81,158	9.0
\$150,000 to \$199,000.....	456	8.1	139,979	15.5
\$200,000 to \$299,999.....	1,443	25.7	246,071	27.3
\$300,000 to \$499,999.....	2,740	48.8	233,345	25.9
\$500,000 to \$999,999.....	632	11.3	104,952	11.7
\$1,000,000 or more.....	103	1.8	40,672	4.5
Total.....	5,612	100.0%	900,223	100.0%
Median Value.....	\$335,800		\$269,300	

Source: American Community Survey 2012-2016

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SECTION IV – TAX BASE DATA

Property Tax

Assessment Practices

Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must complete a revaluation every five years and a revaluation by physical inspection every 10 years. The Town last completed revaluation on the October 1, 2017 Grand List. The next revaluation will be required for the assessment year commencing October 1, 2022.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle lists are finished to the Town by the State of Connecticut and appraisals are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management ("OPM"). Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle has been included on the October 1 Grant List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicles replaces a motor vehicle that was taxed on the October Grant List, the taxpayer is entitled to certain credits.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property and creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the Fiscal Year ending June 1, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the Fiscal Year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2017 (the Fiscal Year ending June 30, 2019) is 32.87 mills.

The Town has not approved the use of Section 12-124a of the Connecticut General Statutes which permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income.

Tax Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in four installments – July 1, October 1, January 1, and April 1. Personal property taxes are payable in one installment due on July 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent per month in accordance with Connecticut General Statutes, with a minimum charge of \$2. Outstanding real estate tax accounts are automatically lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years when in the opinion of the Tax Collector they are uncollectable, at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with Connecticut General Statutes.

Comparative Assessed Valuations Taxable Grand List (in thousands)

Grand List as of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Percent (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2017 ¹	67.0	14.1	3.3	8.3	7.2	\$ 2,036,434	\$ 29,983	\$ 2,006,451	3.24%
2016	67.0	13.9	3.2	8.5	7.3	1,970,716	27,182	1,943,534	1.34%
2015	67.0	14.2	3.3	8.2	7.3	1,947,539	29,662	1,917,877	1.41%
2014	67.0	14.3	3.2	8.1	7.4	1,921,898	30,667	1,891,231	1.40%
2013	66.9	14.1	3.3	8.3	7.5	1,895,289	30,132	1,865,157	0.66%
2012 ¹	66.8	14.4	3.2	8.2	7.4	1,882,948	30,061	1,852,887	-20.84%
2011	71.2	13.2	3.3	6.5	5.8	2,372,331	31,521	2,340,810	1.21%
2010	71.2	13.5	3.5	6.4	5.5	2,344,195	31,362	2,312,833	0.74%
2009	70.8	13.8	3.8	6.3	5.4	2,322,072	26,333	2,295,739	0.39%
2008	72.5	14.0	2.6	5.5	5.4	2,310,557	23,741	2,286,816	-0.24%

¹ Revaluation.

Source: Town of Bethel Assessor's Office

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power Co.	Utility	\$ 77,715,800	3.87%
Berkshire Hathaway (Duracell Inc.) ²	Battery Manufacturer	47,177,280	2.35%
Steiner, Inc.	Real Estate	16,072,420	0.80%
Bethel Associates, L.P.	Health Care	15,728,620	0.78%
Target Corporation ²	Department Store	14,064,960	0.70%
CE Bethel LLC	Shopping Plaza	12,887,990	0.64%
Toll Brothers CT II	Real Estate Developer	12,227,430	0.61%
E W Batista Family Limited Partnership ...	Commercial Real Estate	11,498,580	0.57%
BFM L.P.	Shopping Plaza	8,347,360	0.42%
Shepard's, Inc.	Warehousing	7,725,450	0.39%
Total		\$ 223,445,890	11.14%

¹ Based on Net Taxable Grand List of October 1, 2017 of \$2,006,451,000.

² Berkshire Hathaway (Duracell Inc.) and Target Corporation are currently appealing their assessed values determined as a part of the October 1, 2017 revaluation.

Source: Town of Bethel, Assessor's Office

Property Tax Levies and Collections

Grand List 10/1	Fiscal Year	Net Taxable Grand List (000's)	Tax Rate (Mills)	Adjusted Tax Levy	Percent Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent Annual Levy Uncollected at End of Fiscal Year	Percent Annual Levy Uncollected As of 6/30/18
2017	2019 ¹	\$ 2,006,451	32.87	\$ 65,057,726		<i>In Collection</i>	
2016	2018 ¹	1,943,534	32.88	63,745,600	99.37	0.63	0.63
2015	2017	1,917,877	32.17	61,545,662	99.02	0.98	0.07
2014	2016	1,891,231	32.18	60,745,363	98.85	1.15	0.08
2013	2015	1,865,157	32.11	59,950,753	98.71	1.29	0.05
2012	2014	1,852,887	31.50	57,291,339	98.83	1.17	0.03
2011	2013	2,340,810	24.07	56,056,266	98.75	1.25	0.03
2010	2012	2,312,833	23.24	52,657,934	98.84	1.16	-
2009	2011	2,295,739	22.44	50,571,935	98.65	1.35	-
2008	2010	2,286,816	21.64	49,090,160	98.61	1.39	-

¹ Subject to audit.

Source: Town of Bethel, Tax Collector's Office and Town's Audit Reports.

Property Taxes Receivable

Fiscal Year		Total
Ended 6/30	Current Year	
2018 ¹	\$ 598,268	\$ 797,586
2017	604,838	793,654
2016	700,153	1,096,422
2015	772,022	974,384
2014	669,665	908,765
2013	702,536	935,414
2012	611,221	835,923
2011	987,965	1,024,200
2010	684,755	908,706
2009	706,792	974,648

¹ Subject to audit.

Source: Town of Bethel, Assessors Office

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SECTION V – DEBT SECTION

Outstanding Bonded Debt Pro Forma As of November 15, 2018

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Outstanding ¹</i>	<i>Fiscal Year of Maturity</i>
05/13/10	Schools	3.00–5.00	\$ 4,643,000	\$ 1,440,000	2023
05/13/10	General Purpose	3.00–5.00	3,782,000	980,000	2023
05/14/14	General Purpose - Series A	2.00–3.00	1,630,000	1,630,000	2023
05/14/14	Sewers - Series B ²	2.00–3.25	2,975,000	2,190,000	2032
04/14/15	Schools	1.00–5.00	18,405,000	15,775,000	2035
04/14/15	Sewers ²	1.00–5.00	12,010,000	10,275,000	2035
Sub-Total			\$ 43,445,000	\$ 32,290,000	
<i>This Issue</i>					
11/15/18	General Purpose	3.00–5.00	\$ 17,935,755	\$ 17,935,755	2039
11/15/18	Schools	3.00–5.00	2,064,245	2,064,245	2039
Total This Issue			\$ 20,000,000	\$ 20,000,000	
Grand Total			\$ 63,445,000	\$ 52,290,000	

¹ Excludes refunded bonds.

² Enterprise Fund debt supported by assessments and sewer user charges.

Outstanding Short-term Debt Pro Forma As of November 15, 2018

<i>Project</i>	<i>Amount Authorized</i>	<i>Maturing Notes Due: 11/15/18</i>	<i>This Issue: The Notes Due: 7/25/19</i>
General Capital Improvements 2014-2015	\$ 2,433,145	\$ 2,311,350	\$ 1,000,830
General Capital Improvements 2015-2016	1,923,808	1,831,713	1,831,713
General Capital Improvements 2016-2017	1,438,000	1,338,000	992,457
School Renovations (Rockwell & Johnson)	65,831,143	2,064,245	10,000,000
Total	\$ 71,626,096	\$ 7,545,308	\$ 13,825,000

Clean Water Fund Program

The Town is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Grant and Project Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Project Grant and Project Loan Agreement, the first year's date, and thereafter in monthly installments. Loans made under agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

**Overlapping/Underlying Debt
Pro Forma
As of November 15, 2018**

The Town does not have any overlapping or underlying debt.

**Bonded Debt Maturity Schedule
Pro Forma
As of November 15, 2018**

Fiscal Year	Principal	Interest	Total	This Issue	Total Principal	Cumulative Principal Retired (%)
2019 ¹	\$ 1,480,000	\$ 1,110,778	\$ 2,590,778	\$ -	\$ 1,480,000	2.8
2020	2,540,000	1,124,394	3,664,394	1,000,000	3,540,000	9.6
2021	2,580,000	1,004,369	3,584,369	1,000,000	3,580,000	16.4
2022	2,590,000	885,419	3,475,419	1,000,000	3,590,000	23.3
2023	2,600,000	768,344	3,368,344	1,000,000	3,600,000	30.2
2024	2,085,000	665,669	2,750,669	1,000,000	3,085,000	36.1
2025	2,075,000	590,809	2,665,809	1,000,000	3,075,000	42.0
2026	1,740,000	535,100	2,275,100	1,000,000	2,740,000	47.2
2027	1,720,000	483,200	2,203,200	1,000,000	2,720,000	52.4
2028	1,695,000	424,300	2,119,300	1,000,000	2,695,000	57.6
2029	1,695,000	358,100	2,053,100	1,000,000	2,695,000	62.7
2030	1,690,000	291,975	1,981,975	1,000,000	2,690,000	67.9
2031	1,680,000	233,556	1,913,556	1,000,000	2,680,000	73.0
2032	1,660,000	182,131	1,842,131	1,000,000	2,660,000	78.1
2033	1,500,000	129,850	1,629,850	1,000,000	2,500,000	82.9
2034	1,485,000	77,613	1,562,613	1,000,000	2,485,000	87.6
2035	1,475,000	25,813	1,500,813	1,000,000	2,475,000	92.4
2036	-	-	-	1,000,000	1,000,000	94.3
2037	-	-	-	1,000,000	1,000,000	96.2
2038	-	-	-	1,000,000	1,000,000	98.1
2039	-	-	-	1,000,000	1,000,000	100.0
Total	\$ 32,290,000	\$ 8,891,419	\$ 41,181,419	\$ 20,000,000	\$ 52,290,000	

¹ Excludes \$1,035,000 in principal and \$134,365 in interest payments made from July 1, 2018 through November 15, 2018.

**THE TOWN OF BETHEL HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
DEBT OBLIGATIONS EITHER AS TO PRINCIPAL OR INTEREST**

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**Current Debt Statement
Pro Forma
As of November 15, 2018**

Long-Term Debt Outstanding:

General Purpose (Includes this issue)	\$	20,545,755
Schools (Includes this issue)		19,279,245
Sewers		12,465,000
Total Long-Term Debt		52,290,000
Short-Term Debt (Includes this issue due 7/25/19)		13,825,000
Total Direct Debt		66,115,000
Underlying Debt		-
Total Overall Debt		66,115,000
Less: Sewer Assessment Receivable (as of 6/30/2018)		(12,465,000)
Total Overall Net Debt	\$	53,650,000

**Current Debt Ratios
Pro Forma
As of November 15, 2018**

Population ¹	19,369
Net Taxable Grand List (10/1/17)	\$2,006,451,000
Estimated Full Value (70%)	\$2,866,358,571
Equalized Net Taxable Grand List (10/1/15) ²	\$2,795,820,302
Income per Capita (2016) ¹	\$44,782

	Total Overall Debt	Total Overall Net Debt
	\$66,115,000	\$53,650,000
Per Capita	\$3,413.44	\$2,769.89
Ratio to Net Taxable Grand List	3.30%	2.67%
Ratio to Estimated Full Value	2.31%	1.87%
Ratio to Equalized Grand List	2.36%	1.92%
Debt per Capita to Income per Capita 2016	7.62%	6.19%

¹ U.S. Census Bureau, American Community Survey, 2012-2016.

² Office of Policy and Management, State of Connecticut.

Authority to Incur Debt

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. Except for refunding bonds which per CGS Sec. 7-370c can be approved by the Board of Selectmen, bonding authorizations require approval of the Board of Selectmen, Board of Finance and Town Meeting. Bonding authorization in excess of \$1,000,000 must be approved by referendum.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew

the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “base”) are defined as total tax collections including interest and penalties, late payment of taxes and state payments for revenue losses under Connecticut General Statutes Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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Statement of Statutory Debt Limitation ¹
Pro Forma
As of November 15, 2018

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2018 (unaudited).....	\$ 63,745,600
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze (unaudited)	150,000
Base for Debt Limitation Computation	<u>\$ 63,895,600</u>

Debt Limitation:	General Purposes	Schools	Sewers	Urban Renewal	Unfunded Pension
2 ¹ / ₄ times base	\$ 143,765,100	-	-	-	-
4 ¹ / ₂ times base	-	\$ 287,530,200	-	-	-
3 ³ / ₄ times base	-	-	\$ 239,608,500	-	-
3 ¹ / ₄ times base	-	-	-	\$ 207,660,700	-
3 times base	-	-	-	-	\$ 191,686,800
Total Debt Limitation	143,765,100	287,530,200	239,608,500	207,660,700	191,686,800

Less Indebtedness:

Outstanding Bonds	2,610,000	17,215,000	12,465,000	-	-
Bonds: This Issue	17,935,755	2,064,245	-	-	-
Notes	3,825,000	10,000,000	-	-	-
Authorized But Unissued Debt	211,593	30,923,633	-	-	-
Total Indebtedness	24,582,348	60,202,878	12,465,000	-	-
Less:					
State School Grants Receivable.....	-	-	-	-	-
Sewer Assessment Debt.. ¹	-	-	(12,465,000)	-	-
Total Net Indebtedness	24,582,348	60,202,878	-	-	-

Debt Limitation in Excess of

Outstanding And Authorized Debt	\$ 119,182,752	\$ 227,327,322	\$ 239,608,500	\$ 207,660,700	\$ 191,686,800
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¹ Enterprise Fund debt supported by assessments and sewer user charges.

Note: In no case shall total indebtedness exceed seven times the annual receipts from taxation or \$447,269,200.

Authorized but Unissued Debt
Pro Forma
As of November 15, 2018

Project	Amount Authorized	Maturing	New Money / (Paydowns)	This Issue:		Expected Grants	Previous Paydowns	Authorized But Unissued
		Notes Due: 11/15/18		The Notes Due: 7/25/19	The Bonds			
General Capital Improvements 2012-2013	\$ 1,550,000	\$ 276,957	\$ -	\$ -	\$ 276,957	\$ -	\$ (1,273,043)	\$ -
General Capital Improvements 2013-2014	1,949,342	1,647,057	-	-	1,647,057	-	(302,285)	-
General Capital Improvements 2014-2015	2,433,145	2,311,350	(625,000)	1,000,830	685,520	-	(121,795)	-
General Capital Improvements 2015-2016	1,923,808	1,831,713	-	1,831,713	-	-	(41,827)	50,268
General Capital Improvements 2016-2017	1,438,000	1,338,000	-	992,457	345,543	-	-	100,000
General Capital Improvements 2017-2018	653,325	600,000	-	-	600,000	-	-	53,325
High School addition/renovation	32,337,885	-	-	-	-	21,000,000	(350,000)	10,987,885
Police Headquarters	14,388,678	14,380,678	-	-	14,380,678	-	-	8,000
School Renovations (Rockwell & Johnson)	65,831,143	2,064,245	10,000,000	10,000,000	2,064,245	23,831,150	-	19,935,748
Total	\$ 122,505,326	\$ 24,450,000	\$ 9,375,000	\$ 13,825,000	\$ 20,000,000	\$ 44,831,150	\$ (2,088,950)	\$ 31,135,226

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value ¹	Net Long-Term Debt ²	Ratio of Net Long-Term Debt to Assessed Value (%) ¹	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ³	Net Long-Term Debt per Capita ²	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)
2018 ⁵	\$ 1,943,534,000	\$2,776,477,143	\$20,670,000	1.06	0.74	19,369	\$1,067.17	2.38
2017	1,917,877,000	2,739,824,286	22,265,000	1.16	0.81	19,369	1,149.52	2.57
2016	1,891,231,000	2,701,758,571	24,050,000	1.27	0.89	19,369	1,241.67	2.77
2015	1,865,157,000	2,664,510,000	25,805,000	1.38	0.97	19,369	1,332.28	2.98
2014	1,852,887,000	2,646,981,429	28,135,000	1.52	1.06	19,369	1,452.58	3.24
2013	2,340,810,000	3,344,014,286	30,175,000	1.29	0.90	19,369	1,557.90	3.48
2012	2,312,833,000	3,304,047,143	32,565,000	1.41	0.99	19,369	1,681.29	3.75

¹ Assessment Ratio, 70%.

² Excludes School Construction Grants (principal only).

³ American Community Survey, 2012-2016

⁴ Money Income per Capita, American Community Survey (2016): \$44,782.

⁵ Subject to audit.

Five-year Debt Statement Summary

Long-Term Debt	2018 ¹	2017	2016	2015	2014
Bonds	\$ 20,670,000	\$ 22,265,000	\$ 24,050,000	\$ 25,805,000	\$ 28,135,000
Short-Term Debt					
Bond Anticipation Notes	24,450,000	10,455,000	11,380,000	10,275,000	8,765,000
Totals	\$ 45,120,000	\$ 32,720,000	\$ 35,430,000	\$ 36,080,000	\$ 36,900,000

¹ Subject to audit.

Comparison of Annual Debt Service to General Fund Expenditures and Transfers Out

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of Total Debt Service Expenditures To Total General Fund Expenditures
2018 ²	\$ 3,939,238	\$ 74,652,524	5.28%
2017	2,887,040	79,634,303	3.63%
2016	2,968,586	74,596,208	3.98%
2015	2,512,726	72,696,936	3.46%
2014	3,336,507	72,035,280	4.63%
2013	3,658,464	69,055,899	5.30%
2012	3,787,914	66,142,180	5.73%

¹ Includes transfers out.

² Budgetary basis and subject to audit.

Source: Town of Bethel, Finance Office

Five-year Capital Improvement Program

Uses	Fiscal Year					Total
	2019	2020	2021	2022	2023	
Town Facilities.....	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 300,000
Downtown.....	-	-	-	-	-	-
Library.....	18,691	6,675	-	-	-	25,366
Police.....	-	723,000	40,000	40,000	-	803,000
Fire.....	749,125	112,000	50,000	-	-	911,125
Emergency Management....	35,000	-	-	-	-	35,000
Public Works.....	866,500	1,106,600	1,091,000	-	-	3,064,100
Parks and Recreation.....	60,000	584,145	589,500	145,000	750,000	2,128,645
Board of Education.....	300,000	100,000	25,244,000	2,595,000	17,002,000	45,241,000
Total.....	\$ 2,029,316	\$ 2,707,420	\$ 27,089,500	\$ 2,855,000	\$ 17,827,000	\$ 52,508,236

Sources	2019	2020	2021	2022	2023	Total
Bonds.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Lease.....	-	-	-	-	-	-
Capital & Non-Recurring...	500,000	650,000	750,000	850,000	1,000,000	3,750,000
Operating Capital - Town...	-	-	-	-	-	-
Operating Capital - BOE....	-	-	-	-	-	-
Sewer Reserve.....	-	-	-	-	-	-
Grant.....	-	-	-	-	-	-
Private, State and Town.....	1,529,316	2,057,420	26,339,500	2,005,000	16,827,000	48,758,236
Total.....	\$ 2,029,316	\$ 2,707,420	\$ 27,089,500	\$ 2,855,000	\$ 17,827,000	\$ 52,508,236

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SECTION VI – FINANCIAL SECTION

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Summary of Accounting Principles

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the general operating fund of the Town government. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. Proprietary Fund type revenues and expenses are recognized on the accrual basis of accounting whereby revenues and expenses are recognized when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – "Audited Financial Statements, Notes to Basic Financial Statements" herein.)

See "Notes to Financial Statements" in Appendix A herein for more information.

Budget Procedure

In April, the Board of Finance submits to a public hearing, at which taxpayer comments are obtained, the proposed operating budget of the General Fund (the only fund for which a legal budget is adopted) for the year commencing July 1. The budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

The Board of Finance submits its proposed budget to the annual Town Meeting, which is held on one of the first seven days in May. Those in attendance at the annual Town Meeting may, by majority vote, decrease any appropriations or approve the appropriations as presented. Appropriations may not be increased. The final budget is then automatically referred to a machine vote for approval. The date of the machine vote is also established by the annual Town Meeting, which must be held not less than seven and not more than fourteen days from the date of the annual Town Meeting. Those citizens registered to vote or who have property assessments in excess of \$1,000 are eligible to vote. This process is repeated, if necessary, until a budget is approved.

Audit

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2017, the financial statements of the various funds of the Town were audited by PKF O'Connor Davies, LLP. PKF O'Connor Davies, LLP has not been asked nor have they given their permission to include their audit report in this Official Statement.

Pension Plans

The Town administers two single employer, contributory, defined benefit pension plans (Town of Bethel and Town of Bethel Police Department). The Town plan was adopted in 1968 and revised in 2000. The Police plan was established by a memorandum of understanding effective July 1, 1997. The Pension Commission makes recommendations for plan provisions, which are approved by the Board of Finance. Both plans are part of the Town's reporting entity and are included in the Town's financial report as two pension trust funds. The plans do not issue separate, stand-alone financial reports. For more information see Appendix A – "Audited Financial Statements, Notes to Basic Financial Statements, Note IV.C." herein.

Town Plan

Each employee may enter into the plan on the January 1 coincident with or next following the date of employment. For employees hired on or after January 1, 2001, participation in the contributory plan is mandatory. The plan covers substantially all noncertified Board of Education and all regular Town employees except police personnel. The Board of Selectmen, upon recommendation from the Insurance and Pension Committee, established benefit provisions and the employee and employer obligations.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
01/01/17	\$ 30,411,617	\$ 36,004,644	\$ (5,593,027)	84.47%	\$ 7,417,168	(75.41)
01/01/16	28,830,877	34,238,475	(5,407,598)	84.21%	7,649,740	(70.69)
01/01/15	25,738,059	30,418,102	(4,680,043)	84.61%	7,607,181	(61.52)
01/01/14	22,610,724	31,586,275	(8,975,551)	71.58%	7,607,181	(117.99)
01/01/13	19,726,839	29,027,341	(9,300,502)	67.96%	7,739,426	(120.17)

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
06/30/18	\$ 926,377	\$ 1,190,000	128.46%
06/30/17	867,137	1,200,000	138.39%
06/30/16	2,013,334	2,751,446	136.66%
06/30/15	2,013,334	3,083,429	153.15%
06/30/14	1,986,076	2,559,953	128.90%

Police Plan

Participation of all full time regular police officers is mandatory as of hire date. The benefit was established by a plan adopted in 1997. The plan contains a cost of living adjustment of 1% per year.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
01/01/17	\$ 10,912,425	\$ 15,790,952	\$ (4,878,527)	69.11%	\$ 2,579,921	(189.10)
01/01/16	9,757,142	15,145,442	(5,388,300)	64.42%	2,443,220	(220.54)
01/01/15	9,049,718	14,523,876	(5,474,158)	62.31%	2,547,952	(214.85)
01/01/14	8,526,588	11,541,281	(3,014,693)	73.88%	2,407,527	(125.22)
01/01/13	7,548,066	10,630,186	(3,082,120)	71.01%	2,337,955	(131.83)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Actual Contribution	Percentage Contributed
06/30/18	\$ 776,441	\$ 1,025,000	132.01%
06/30/17	753,358	1,021,720	135.62%
06/30/16	612,450	513,000	83.76%
06/30/15	612,450	472,000	77.07%
06/30/14	593,686	375,000	63.16%

Other Post-Employment Benefits

The Town has complied with the requirements of Governmental Accounting Standards Board (“GASB”) Statement Nos. 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefit (“OPEB”) plans and include information concerning the valuation of such plans in their financial statements. The Town administers three post-retirement healthcare plans: Town, Police, and Board of Education. These plans provide medical, dental and life insurance benefits for eligible retirees and their spouses.

The Town’s most recent OPEB valuation as of July 1, 2015 lists an unfunded liability totaling \$14,519,000. The Town funds OPEB on a pay-go basis though there is approximately \$350,000 in an internal service fund for OPEB funding which may be transferred into an OPEB trust fund in the future. For the fiscal year ending June 30, 2017 the Town’s annual required contribution totaled \$1,717,717 and Town’s actual contribution was \$565,047. For more information see Appendix A – “Audited Financial Statements, Notes to Basic Financial Statements, Note IV.D.” herein.

Schedule of Employer OPEB Contributions

Town Plan

Fiscal Year	Annual OPEB Cost AOC	Percentage of Actual Contribution	Net OPEB Obligation
06/30/17 ¹	N/A	0.00%	N/A
06/30/16	\$ 557,638	33.70%	\$ 2,047,390
06/30/15	523,398	30.10%	1,677,494
06/30/14	482,799	34.10%	1,315,632
06/30/13	453,468	34.40%	997,648

¹ The 7/1/17 OPEB report will not be available until December 2018

Police Plan

Fiscal Year	Annual OPEB Cost AOC	Percentage of Actual Contribution	Net OPEB Obligation
06/30/17 ¹	N/A	0.00%	N/A
06/30/16	\$ 640,054	0.60%	\$ 3,518,950
06/30/15	625,650	0.70%	2,883,195
06/30/14	550,309	0.70%	2,261,244
06/30/13	514,584	0.70%	1,714,709

¹ The 7/1/17 OPEB report will not be available until December 2018

Board of Education Plan

<i>Fiscal Year</i>	<i>Annual OPEB Cost AOC</i>	<i>Percentage of Actual Contribution</i>	<i>Net OPEB Obligation</i>
06/30/17 ¹	N/A	0.00%	N/A
06/30/16	\$ 477,475	69.20%	\$ 681,482
06/30/15	466,359	38.30%	534,475
06/30/14	466,359	38.30%	534,475
06/30/13	440,244	72.60%	405,294

¹ The 7/1/17 OPEB report will not be available until December 2018

Schedule of OPEB Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) (b)</i>	<i>Funded (Unfunded) AAL (UAAL) (a-b)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a % of Covered Payroll ((a-b)/c)</i>
07/01/17 ¹	N/A	N/A	N/A	N/A	N/A	N/A
07/01/15	\$ -	\$ 17,236,557	\$(17,236,557)	0.00%	\$32,247,902	(53.45)
07/01/13	-	16,998,514	(16,998,514)	0.00%	27,283,637	(62.30)
07/01/11	-	14,518,598	(14,518,598)	0.00%	N/A	N/A

¹ The 7/1/17 OPEB report will not be available until December 2018

Investment Practices

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

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Comparative Balance Sheets – General Fund

	<i>Unaudited</i>				
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Assets	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Cash and Cash Equivalents.....	\$ 11,243,649	\$ 3,277,695	\$ 9,393,710	\$ 2,603,867	\$ 1,490,654
Investments	20,814,889	21,717,373	13,774,368	19,558,377	15,185,008
Receivables:					
Property Taxes	1,096,422	793,654	1,096,422	974,384	908,765
Intergovernmental	365,918	365,918	580,656	408,899	551,790
Other	10,066	43,149	50,085	61,170	297,744
Due from Other Funds	4,210,821	3,303,461	4,297,170	1,990,035	2,512,186
Other	-	11,697	-	-	418
Total Assets	37,741,765	29,512,947	29,192,411	25,596,732	20,946,565
<i>Liabilities and Fund Balances</i>					
Accounts Payable	967,960	1,167,740	1,005,622	1,307,695	1,082,326
Accrued Payroll	475,815	238,153	235,390	475,815	418,600
Due to Other Funds	14,080,687	6,921,289	7,713,613	4,884,521	4,268,141
Deferred Revenue	-	-	-	-	-
Unearned Revenue	-	29,097	2,332	2,956	3,537
Other Liabilities	662,608	284,903	281,339	461,414	367,505
Performance Bonds	210,789	308,145	430,922	365,539	394,982
Bond Anticipation Notes	-	-	-	-	-
Total Liabilities	16,397,859	8,949,327	9,669,218	7,497,940	6,535,091
<i>Deferred Inflows of Resources</i>					
Unavailable Resources	1,830,803	1,830,803	1,959,746	2,514,885	688,465
Total Deferred Resources	1,830,803	1,830,803	1,959,746	2,514,885	688,465
<i>Fund Balances</i>					
Nonspendable.....	30,185	30,185	633,029	34,792	132,117
Restricted.....	-	-	-	-	-
Committed.....	576,092	576,092	380,807	264,119	-
Assigned.....	-	-	-	-	-
Unassigned.....	18,906,826	18,126,550	16,549,611	15,284,996	13,590,892
Total fund balance	19,513,103	18,732,827	17,563,447	15,583,907	13,723,009
Total liabilities and fund balance	37,741,765	29,512,957	29,192,411	25,596,732	20,946,565
<i>Analysis of General Fund Balance</i>					
Operating revenues	\$ 74,593,680	\$ 81,877,751	\$ 76,575,748	\$ 74,469,096	\$ 74,729,636
Fund balance as a percent of					
operating revenues	26.16%	22.88%	22.94%	20.93%	18.36%
Unassigned fund balance as					
a percent of operating revenues	25.35%	22.14%	21.61%	20.53%	18.19%

General Fund Revenues and Expenditures

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2014 through 2017 have been derived from audited financial statements. The budget for 2017–18 is provided by the Town. The Town's independent accountants have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town of Bethel's management (Appendix A – “Audited Financial Statements” was taken from the Comprehensive Annual Financial Report of the Town of Bethel for the Fiscal Year ended June 30, 2017).

	Adopted Budget 2018-19 ¹	Unaudited Actual 2017-18 ¹	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Revenues:						
Property Taxes.....	\$ 64,742,493	\$ 64,323,442	\$ 61,948,866	\$ 61,102,747	\$ 59,900,954	\$ 58,682,339
Intergovernmental	7,898,583	7,951,096	17,841,944	13,962,715	13,385,789	14,565,184
Charges for Services	1,731,448	1,755,737	1,885,995	1,360,750	1,046,144	1,327,108
Use of Money and Property	280,000	559,286	195,769	132,760	91,855	70,451
Other Revenues	-	4,119	5,177	16,776	44,354	84,554
Total Revenues	74,652,524	74,593,680	81,877,751	76,575,748	74,469,096	74,729,636
Expenditures:						
General government	15,100,660	13,884,100	13,178,184	13,204,698	13,424,727	12,754,982
Public Safety	4,994,419	5,243,453	5,422,193	4,669,257	4,800,134	4,557,634
Public Works	3,717,377	3,599,611	3,389,038	256,294	275,596	3,003,887
Health and Welfare	406,984	321,524	327,690	2,878,160	3,171,168	298,668
Library	877,556	856,892	847,143	833,388	820,371	808,573
Board of Education	45,616,290	44,065,966	52,383,015	48,105,825	46,517,348	46,384,500
Debt Service	3,939,238	5,849,519	2,887,040	2,968,586	2,512,726	3,336,507
Total Expenditures	74,652,524	73,821,065	78,434,303	72,916,208	71,522,070	71,144,751
Revenues over (under) expenditures.....	-	772,615	3,443,448	3,659,540	2,947,026	3,584,885
Other Financing Sources Uses:						
Proceeds of Refunding Bonds	-	-	-	-	-	-
Payment to Refunding Escrow	-	-	-	-	-	-
Premiums on Bonds Issued	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	8,000
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	(1,200,000)	(1,680,000)	(1,174,866)	(890,529)
Total other Financing Sources (uses)	-	-	(1,200,000)	(1,680,000)	(1,174,866)	(882,529)
Revenues and other financing sources over (under) expenditures and other financing uses...	-	772,615	2,243,448	1,979,540	1,772,160	2,702,356
Fund Balance, Beginning	N/A	18,732,827	17,563,447	15,583,907	13,723,009	11,020,653
Restatement	-	-	(1,074,068)	-	88,738	-
Fund Balance, Ending	N/A	\$ 19,505,442	\$ 18,732,827	\$ 17,563,447	\$ 15,583,907	\$ 13,723,009

¹ Budgetary basis and subject to audit.

Connecticut General Statutes Section 4-66I, as amended (“Section 4-66I”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more of the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66I requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For Fiscal Year ending June 30, 2019, the Town will receive municipal revenue sharing grant moneys from the State in the amount of \$282,660.

SECTION VII – ADDITIONAL INFORMATION

Litigation

The Town Attorney has advised that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town Attorney's opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Documents Furnished At Delivery

The original purchaser(s) will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman and the Comptroller, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Hartford and Bridgeport, Connecticut for the Bonds and the Notes in substantially the forms attached hereto as Appendices B-1 and B-2.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
6. The Town of Bethel has prepared an Official Statement for the Bonds and the Notes which is dated November 6, 2018. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Bonds twenty-five (25) copies, and of the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's municipal advisor no later than seven business days of the bid opening. If the Town's municipal advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchasers shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchasers.

A record of the proceedings taken by the Town in authorizing the Bonds and the Notes will be kept on file at offices of U.S. Bank National Association, and may be examined upon reasonable request.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the Town of Bethel, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

By /s/ *Matthew S. Knickerbocker*

Matthew S. Knickerbocker
First Selectman

By /s/ *Robert V. Kozłowski*

Robert V. Kozłowski
Comptroller

Dated as of November 6, 2018

Appendix A

Excerpts from the Town's Comprehensive Annual Financial Report For Fiscal Year Ending June 30, 2017

The following includes excerpts from the Comprehensive Annual Financial Report of the Town of Bethel, Connecticut for the fiscal year ended June 30, 2017. The supplemental data which was a part of the report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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Independent Auditors' Report

**The Board of Finance
Town of Bethel, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bethel, Connecticut ("Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Finance
Town of Bethel, Connecticut**

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit plan schedules on pages 6 through 15 and pages 72 through 84, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Board of Finance
Town of Bethel, Connecticut**

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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 24, 2018



COMPTROLLER'S OFFICE

C.J. Hurgin Municipal Center
1 School Street, Bethel, CT 06801 (203) 794-8512

*Robert V. Kozlowski, Comptroller
Brad C. Heering, Ass't Comptroller*

Management's Discussion and Analysis For the Year Ended June 30, 2017

As management of the Town of Bethel, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial position and activities of the Town for the fiscal year ended June 30, 2017.

Financial Highlights

- On a government-wide basis, the Town's total net position increased by \$3,484,791 for the fiscal year, \$2,451,652 of which was generated by governmental activities and \$1,033,139 from business-type activities. The main reasons for the increase are positive general fund operating results of \$2,243,448 which was offset by a decrease in fund balance of \$2,949,302 in the bonded project fund. In addition, due to basis of accounting differences from governmental fund to the government wide financial statement amount reported as expenditures in the governmental funds are not reported as expenses on the government wide financial statements. These items included capital asset additions, which were in excess of depreciation expense and debt service payments of \$2,729,989. Finally, the Town recorded pension and OPEB expense of \$2,182,812 and \$1,065,663, respectively. Business-type activities reported an increase in net position of \$1,033,139 due to the positive operations of the water fund of \$445,265 and of the sewer fund of \$587,874.
- The Town's combined net position totals \$121,881,635. Of this amount, \$21,838,620 is available (unrestricted) to finance ongoing programs, \$5,838,026 for governmental activities and \$16,000,594 for business-type activities.
- At year end, the unassigned fund balance for the general fund was \$18,126,550 or 22.7% of total general fund expenditures and transfers out.
- The Town's total long-term debt decreased by \$714,621. This decrease was the result of scheduled debt service payments of \$2,570,000 and drinking water loan additions of \$1,855,379.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these accounts being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, health and welfare, public works, library and education. The business-type activities of the Town account for the Water and Sewer operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Bethel uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, bonded projects, and capital nonrecurring funds considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided on Schedules 6 and 7 of this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on Exhibits C, D and F.

Proprietary funds. The Town maintains two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the Water and Sewer operations. Water and Sewer are considered to be major funds of the Town.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's pension and other post-employment benefit plans.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information section.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$121,881,635 at the close of the fiscal year.

The largest portion of the Town's net position (81.6%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (0.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$21,838,620 may be used to meet the Town's ongoing obligations to citizens and creditors.

Summary Statement of Net Position
June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 31,439,439	\$32,933,467	\$17,200,467	\$16,192,787	\$ 48,639,906	\$ 49,126,254
Capital assets (net)	116,701,654	113,868,449	37,108,541	35,294,689	153,810,195	149,163,138
Total assets	148,141,093	146,801,916	54,309,008	51,487,476	202,450,101	198,289,392
Deferred outflows of resources	1,404,732	3,115,119	76,839	168,700	1,481,571	3,283,819
Long-term liabilities outstanding	45,855,109	47,634,730	15,237,430	14,193,959	61,092,539	61,828,689
Other liabilities	16,449,142	17,924,812	2,524,355	1,876,023	18,973,497	19,800,835
Total liabilities	62,304,251	65,559,542	17,761,785	16,069,982	80,066,036	81,629,524
Deferred inflows of resources	1,733,902	1,301,473	250,099	245,370	1,984,001	1,546,843
Net investment in capital assets	79,047,618	72,509,424	20,373,369	20,281,852	99,420,987	92,791,276
Restricted	622,028	478,567	-	-	622,028	478,567
Unrestricted	5,838,026	10,068,029	16,000,594	15,058,972	21,838,620	25,127,001
Total net position	\$ 85,507,672	\$83,056,020	\$36,373,963	\$35,340,824	\$ 121,881,635	\$ 118,396,844

The Town's total net position increased by \$3,484,791 during the current fiscal year. The main reasons for the increase is as follows:

Governmental activities. Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. For the fiscal year, net position increased \$2,451,652. The main reasons for the increase are positive general fund operating results of \$2,243,448 and significant capital asset additions in excess of depreciation expense.

Business-type activities. Business-type activities reported an increase in net position of \$1,033,139 due to the positive operations of the water fund of \$445,265 and positive operations of the sewer fund of \$587,874 during the current year. This was substantially due to a capital grant in the water fund for Hoyts Hill Pump Station and Maple Avenue Wells and a decrease in sewer fund contracted services as compared to the prior year.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

Management's Discussion and Analysis (continued)

Statement of Changes in Net Position Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,723,501	\$ 3,072,842	\$ 5,416,507	\$ 7,138,614	\$ 9,140,008	\$ 10,211,456
Operating grants and contribution	19,504,600	16,042,794	-	-	19,504,600	16,042,794
Capital grants and contributions	1,697,852	1,062,045	320,775	463,891	2,018,627	1,525,936
General revenues:						
Property taxes	61,698,354	61,363,537	-	-	61,698,354	61,363,537
Grants and contributions not restricted to specific programs	861,179	198,285	-	-	861,179	198,285
Investment income	198,622	151,686	2,311	-	200,933	151,686
Miscellaneous	29,269	16,776	-	-	29,269	16,776
Total revenues	87,713,377	81,907,965	5,739,593	7,602,505	93,452,970	89,510,470
Expenses:						
General government	7,620,667	7,691,037	-	-	7,620,667	7,691,037
Public safety	9,299,858	8,942,567	-	-	9,299,858	8,942,567
Health and welfare	539,269	483,017	-	-	539,269	483,017
Public works	5,573,885	4,805,524	-	-	5,573,885	4,805,524
Library	1,477,351	1,445,174	-	-	1,477,351	1,445,174
Education	59,806,837	54,290,823	-	-	59,806,837	54,290,823
Interest expense	943,858	634,493	-	-	943,858	634,493
Water department	-	-	1,977,289	1,362,593	1,977,289	1,362,593
Sewer department	-	-	2,729,165	2,985,653	2,729,165	2,985,653
Total expenses	85,261,725	78,292,635	4,706,454	4,348,246	89,968,179	82,640,881
Change in net position	2,451,652	3,615,330	1,033,139	3,254,259	3,484,791	6,869,589
Net position - July 1	83,056,020	79,440,690	35,340,824	32,086,565	118,396,844	111,527,255
Net position - June 30	\$85,507,672	\$83,056,020	\$36,373,963	\$35,340,824	\$121,881,635	\$118,396,844

Governmental Activities - Revenues

The significant changes in revenues for governmental activities as compared to the prior year were as follows:

- Capital grants and contributions increased \$635,807 largely due to grants received in the current year for the highway planning and construction grant for Plumtrees Bridge project.
- Operating grants and contributions increased \$3,461,806 due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan of approximately \$3,759,000
- Unrestricted grants and contributions increased \$662,894 due to the receipt of the Municipal Revenue Sharing grant of \$392,605 and Municipal Grants-in-Aid of \$282,660.

Governmental Activities - Expenses

The significant changes in expenses for governmental activities from the prior year were as follows:

- Education expenses increased \$5,516,014 due to an increase in the annual appropriation, an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan of approximately \$3,759,000 and approximately \$1,285,000 increase in pension expense.
- Public works expenses increased by a \$768,361 substantially due to approximately \$670,000 increase in pension expense.
- Public safety expenses increased \$357,291 substantially due to increases in salaries and related benefits, including pension and OPEB expense.
- Interest expense increased \$309,365 substantially due to an increase in capital lease interest payments because of the energy lease entered into in 2016.

Business-Type Activities - Revenues

- Charges for services decreased by \$1,722,107 substantially due to \$1,842,760 in sewer assessments billed during 2016 fiscal year.
- Capital grants and contributions decreased by \$143,116 during the year due to a grant that began in fiscal year 2015 related to the Eureka Water Tank project. This project was completed in 2017, however the majority of grant funds were in the form of a project loan. The Town did receive grant funds of \$126,077 for the Hoyts Hill Pump Station and \$164,658 for the Maple Avenue Wells.

Business-Type Activities - Expenses

- Water expenses increased \$614,696 substantially due to approximately \$217,000 increase in pension and OPEB expense as well as an increase in maintenance and other items below the capitalization threshold.
- Sewer expenses decreased \$256,488 due to a decrease in contracted expenses for the special sewer project completed in 2016 offset by an increase in pension and OPEB expense.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

The combined fund balances of governmental funds is \$14,071,084. Of this amount, \$30,185 relates to nonspendable advances, \$622,028 is restricted, \$2,976,485 is committed and \$1,071,182 is assigned. The balance of \$9,371,204 is unassigned fund balance.

Management's Discussion and Analysis (continued)

General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$2,243,448 for the current fiscal year. The major factors for this increase were increased property tax revenues over budget expectations of \$1,501,560 and increased charges for services revenues over budget expectations of \$284,183.

Expenditures were in line with the amounts budgeted.

Bonded Projects Fund

The Bonded Projects Fund's net change in fund balance was a decrease of \$2,949,302 for the fiscal year. This is a result of the capital lease for the energy project. This is due to the Town financing project using bond anticipation notes. Once the projects are completed they will be financed with bonds and the deficit fund balance will be eliminated.

Capital Nonrecurring Fund

The Capital Nonrecurring Fund's net change in fund balance was a decrease of \$27,422 for the fiscal year due to the timing of the funding and spending of projects.

Proprietary funds. The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds generated an increase in net position of \$1,033,139 detailed as follows:

Water Department

Net position of the water department at the end of the year amounted to \$3,943,599 an increase of \$445,265. This was substantially due to a capital grant in the water fund for Hoyts Hill Pump Station and Maple Avenue Wells.

Sewer Department

Net position of the sewer department at the end of the year amounted to \$32,430,364, an increase of \$587,874. This was due to a decrease in sewer fund contracted services offset by increases in pension and OPEB expense.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule is presented on Exhibit F. A summary of that schedule follows:

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources				
Property taxes	\$ 60,447,306	\$ 60,447,306	\$ 61,948,866	\$ 1,501,560
Intergovernmental	9,279,811	9,279,811	9,327,557	47,746
Charges for services, use of money and property, and other	1,546,021	1,546,021	1,946,150	400,129
Totals	71,273,138	71,273,138	73,222,573	1,949,435
Expenditures and Other Financing Uses				
Expenditures	69,559,497	69,559,497	69,427,799	131,698
Transfers out	1,713,641	1,713,641	1,713,641	-
Totals	71,273,138	71,273,138	71,141,440	131,698
Change in Fund Balance	\$ -	\$ -	\$ 2,081,133	\$ 2,081,133

The most significant budget transfers were as follows:

- The parks and recreation (general government) budget was increased \$242,283 due an after school program that was previously run through the Board of Education budget was taken over by the parks and recreation department.
- The budget for utilities, charges and services (general government) was decreased \$157,518 for additional expenditures in other departments as fuel costs were lower than anticipated due to the mild winter.

Capital Assets and Debt Administration

The Town of Bethel's investment in capital assets in both governmental and business-type activities amounted to \$153,810,195, net of depreciation. This includes land, intangible assets, buildings, equipment and infrastructure (roads and bridges). Capital assets for governmental activities increased by 2.5% and business-type capital assets increased by 5.1%.

The most significant capital asset additions were as follows:

Governmental activities:

- Construction in progress increased \$4,953,704 during the year. This was offset by a \$5,092,153 transfer of completed projects to depreciable capital assets. Additions included \$1,531,925 for Whittlesey/Plumtrees Bridge, \$1,336,355 for Police Station, and \$1,585,747 for the energy saving lighting project.

Capital Assets and Debt Administration (continued)

- Infrastructure increased during the year due to \$2,315,295 in additions for Whittlesey/Plumtrees Bridge and \$2,966,386 in roads. These additions primarily came from construction in progress.
- Building improvements increased primarily due to the \$272,818 high school auditorium project.
- \$626,244 of equipment was purchased, primarily for computers and other technology equipment.
- \$221,864 in vehicles were purchased, including several police cars.

Business-type Activities:

- Construction in progress increased \$2,465,496 due to a number of projects during the year including the Eureka water tank project of \$1,096,772, the Maple Avenues Wells project of \$515,542, and Hoyts Hill Pump Station Project of \$480,074. This was offset by a \$4,915,448 transfer of completed projects to distribution and collection system.

Capital Assets - Net June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,957,720	\$ 6,957,720	\$ 157,072	\$ 157,072	\$ 7,114,792	\$ 7,114,792
Construction in progress	5,888,221	6,026,670	1,493,413	3,943,365	7,381,634	9,970,035
Land improvements	1,765,766	1,825,383	-	-	1,765,766	1,825,383
Intangible assets	82,407	88,999	6,577,480	6,740,439	6,659,887	6,829,438
Buildings	66,094,661	67,282,885	523,309	585,872	66,617,970	67,868,757
Building improvements	8,034,956	8,211,072	23,570	25,168	8,058,526	8,236,240
Distribution and collection system	-	-	27,648,125	23,116,200	27,648,125	23,116,200
Machinery and equipment	3,738,699	4,106,597	657,944	694,796	4,396,643	4,801,393
Vehicles	4,010,923	4,180,317	27,628	31,777	4,038,551	4,212,094
Infrastructure	20,128,301	15,188,806	-	-	20,128,301	15,188,806
Total	<u>\$ 116,701,654</u>	<u>\$ 113,868,449</u>	<u>\$ 37,108,541</u>	<u>\$ 35,294,689</u>	<u>\$ 153,810,195</u>	<u>\$ 149,163,138</u>

Additional information on the Town's capital assets can be found in Note III B and C.

Long-term Debt

During the year, the Town's long-term debt decreased by \$714,621 due to scheduled debt service payments of \$2,570,000 and drinking water loan additions of \$1,855,379. At the end of the current fiscal year, the Town had total bonded and loan debt outstanding of \$37,545,379, which is backed by the full faith and credit of the Town of Bethel, CT.

Long-term Debt (continued)

Outstanding Bonded Debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General purpose bonds	\$ 3,575,000	\$ 4,048,500	\$13,425,000	\$14,210,000	\$17,000,000	\$18,258,500
School bonds	18,690,000	20,001,500	-	-	18,690,000	20,001,500
Drinking Water loan	-	-	1,855,379	-	1,855,379	-
Total	\$22,265,000	\$24,050,000	\$15,280,379	\$14,210,000	\$37,545,379	\$38,260,000

The Town maintains an "AA2" rating from Moody's and an "AAA" from Standard and Poor's and Fitch for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$433,148,240, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III.F.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 3.0%, which is unchanged from fiscal year 2016. This is lower than both the state's average unemployment rate of 4.6% and the national average of 4.1%.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut's economic and business growth remains flat. This lack of growth will have a negative impact on the amount of revenue the state receives from taxes. This will affect the amount of intergovernmental revenues the Town will receive in fiscal year 2018 and thereafter.

Town officials considered many factors when setting the fiscal year 2018 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to our residents and taxpayers.

The 2018 general fund budget is \$72,966,495, an increase of 2.4% over the prior year. Non-tax revenue remained relatively consistent.

Requests for Information

This financial report is designed to familiarize citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or requests for additional financial information, should be directed to Mr. Robert V. Kozlowski, Comptroller, Bethel Municipal Center, 1 School Street, Bethel, Connecticut 06801. Telephone (203) 794-8512.

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Basic Financial Statements

Town of Bethel, Connecticut

Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Current assets:			
Cash	\$ 5,446,508	\$ 594,214	\$ 6,040,722
Investments	23,415,157	401,900	23,817,057
Receivables:			
Property taxes	682,979	-	682,979
Assessments	-	1,671,248	1,671,248
Intergovernmental	1,424,388	1,327,596	2,751,984
Other	43,253	467,641	510,894
Internal balances	(337,979)	337,979	-
Other	25,743	-	25,743
Total current assets	30,700,049	4,800,578	35,500,627
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash	284,903	-	284,903
Receivables (net):			
Property taxes	61,150	-	61,150
Assessments	-	12,399,889	12,399,889
Loan	393,337	-	393,337
Total receivables (net)	454,487	12,399,889	12,854,376
Capital assets (net of accumulated depreciation):			
Land	6,957,720	157,072	7,114,792
Construction in progress	5,888,221	1,493,413	7,381,634
Land improvements	1,765,766	-	1,765,766
Intangible assets	82,407	6,577,480	6,659,887
Buildings	66,094,661	523,309	66,617,970
Building improvements	8,034,956	23,570	8,058,526
Distribution and collection system	-	27,648,125	27,648,125
Machinery and equipment	3,738,699	657,944	4,396,643
Vehicles	4,010,923	27,628	4,038,551
Infrastructure	20,128,301	-	20,128,301
Total capital assets (net of accumulated depreciation)	116,701,654	37,108,541	153,810,195
Total noncurrent assets	117,441,044	49,508,430	166,949,474
Total assets	148,141,093	54,309,008	202,450,101
<u>Deferred Outflows of Resources</u>			
Pension related	1,404,732	76,839	1,481,571

(Continued)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 1,868,836	\$ 337,680	\$ 2,206,516
Retainage payable	-	69,873	69,873
Accrued payroll and related liabilities	238,153	16,086	254,239
Accrued interest payable	241,072	99,274	340,346
Unearned revenue	55,156	-	55,156
Bond anticipation notes	10,405,000	50,000	10,455,000
Interim funding obligation	-	1,036,861	1,036,861
Performance bonds	284,903	-	284,903
Bonds and notes payable	1,692,219	914,581	2,606,800
Capital lease payable	382,946	-	382,946
Compensated absences	972,712	-	972,712
Other liabilities	308,145	-	308,145
Total current liabilities	16,449,142	2,524,355	18,973,497
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	21,150,545	14,484,220	35,634,765
Capital lease payable	3,719,231	-	3,719,231
Compensated absences	3,086,660	22,204	3,108,864
Net pension liability	10,702,032	410,269	11,112,301
Net OPEB obligation	7,196,641	320,737	7,517,378
Total noncurrent liabilities	45,855,109	15,237,430	61,092,539
Total liabilities	62,304,251	17,761,785	80,066,036
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	1,037,149	-	1,037,149
Deferred charge on refunding	304,095	249,510	553,605
Pension related	392,658	589	393,247
Total deferred inflows of resources	1,733,902	250,099	1,984,001
<u>Net Position</u>			
Net investment in capital assets	79,047,618	20,373,369	99,420,987
Restricted for:			
General government	358,846	-	358,846
Education	95,968	-	95,968
Other	167,214	-	167,214
Unrestricted	5,838,026	16,000,594	21,838,620
Total net position	\$ 85,507,672	\$ 36,373,963	\$ 121,881,635

(Concluded)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net Revenues (Expenses) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 7,620,667	\$ 1,961,767	\$ 4,003	\$ 121,154	\$ (5,533,743)	\$ -	\$ (5,533,743)
Public safety	9,299,858	268,497	40,000	46,730	(8,944,631)	-	(8,944,631)
Health and welfare	539,269	50,565	291,872	-	(196,832)	-	(196,832)
Public works	5,573,885	156,326	320,239	1,529,968	(3,567,352)	-	(3,567,352)
Library	1,477,351	8,817	13,798	-	(1,454,736)	-	(1,454,736)
Education	59,806,837	1,277,529	18,834,688	-	(39,694,620)	-	(39,694,620)
Interest expense	943,858	-	-	-	(943,858)	-	(943,858)
Total governmental activities	85,261,725	3,723,501	19,504,600	1,697,852	(60,335,772)	-	(60,335,772)
Business-type activities:							
Water department	1,977,289	2,101,777	-	320,775	-	445,263	445,263
Sewer department	2,729,165	3,314,730	-	-	-	585,565	585,565
Total business-type activities	4,706,454	5,416,507	-	320,775	-	1,030,828	1,030,828
Total	\$ 89,968,179	\$ 9,140,008	\$ 19,504,600	\$ 2,018,627	\$ (60,335,772)	\$ 1,030,828	\$ (59,304,944)
General revenues:							
Property taxes					\$ 61,698,354	\$ -	\$ 61,698,354
Grants and contributions not restricted to specific programs					861,179	-	861,179
Investment income					198,622	2,311	200,933
Miscellaneous					29,269	-	29,269
Total general revenues					62,787,424	2,311	62,789,735
Change in net position					2,451,652	1,033,139	3,484,791
Net position - July 1, 2016					83,056,020	35,340,824	118,396,844
Net position - June 30, 2017					\$ 85,507,672	\$ 36,373,963	\$ 121,881,635

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Balance Sheet
Governmental Funds
June 30, 2017

	General	Bonded Projects	Capital Nonrecurring	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 3,277,695	\$ 524,018	\$ 329,360	\$ 542,492	\$ 4,673,565
Restricted cash	284,903	-	-	-	284,903
Investments	21,432,470	-	764,765	-	22,197,235
Receivables:					
Property taxes	793,654	-	-	-	793,654
Intergovernmental	365,918	-	958,160	100,310	1,424,388
Loan	-	-	-	393,337	393,337
Other	43,149	-	-	104	43,253
Due from other funds	3,273,276	1,752,105	241,567	2,248,328	7,515,276
Advance to other funds	30,185	-	-	-	30,185
Other	11,697	-	-	14,046	25,743
Total assets	<u>\$ 29,512,947</u>	<u>\$ 2,276,123</u>	<u>\$ 2,293,852</u>	<u>\$ 3,298,617</u>	<u>\$ 37,381,539</u>
<u>Liabilities</u>					
Liabilities:					
Accounts payable	\$ 1,167,740	\$ 522,010	\$ 71,520	\$ 57,566	\$ 1,818,836
Accrued payroll	238,153	-	-	-	238,153
Due to other funds	6,921,289	73,374	891,376	59,898	7,945,937
Unearned revenue	29,087	-	-	26,069	55,156
Bond anticipation notes	-	10,405,000	-	-	10,405,000
Performance bonds	284,903	-	-	-	284,903
Other liabilities	308,145	-	-	-	308,145
Advance from other funds	-	-	-	30,185	30,185
Total liabilities	<u>8,949,317</u>	<u>11,000,384</u>	<u>962,896</u>	<u>173,718</u>	<u>21,086,315</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	793,654	-	-	-	793,654
Advance property tax collections	1,037,149	-	-	-	1,037,149
Loan	-	-	-	393,337	393,337
Total deferred inflows of resources	<u>1,830,803</u>	<u>-</u>	<u>-</u>	<u>393,337</u>	<u>2,224,140</u>
<u>Fund Balances</u>					
Nonspendable	30,185	-	-	-	30,185
Restricted	-	-	-	622,028	622,028
Committed	576,092	-	1,330,956	1,069,437	2,976,485
Assigned	-	-	-	1,071,182	1,071,182
Unassigned	18,126,550	(8,724,261)	-	(31,085)	9,371,204
Total fund balances	<u>18,732,827</u>	<u>(8,724,261)</u>	<u>1,330,956</u>	<u>2,731,562</u>	<u>14,071,084</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,512,947</u>	<u>\$ 2,276,123</u>	<u>\$ 2,293,852</u>	<u>\$ 3,298,617</u>	<u>\$ 37,381,539</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut
Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1 of 2)	\$ 14,071,084
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	113,868,449
Capital assets additions (net of construction in progress)	6,325,351
Depreciation expense	(3,388,273)
Disposal of capital assets	(103,873)

Other long-term assets are not available resources and, therefore, are not reported in the funds:

Property tax interest and lien accrual	175,475
Allowance for doubtful accounts	(225,000)

Other long-term assets and deferred outflows are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property tax receivable - accrual basis change	793,654
Loan receivable - accrual basis change	393,337
Deferred outflows related to pensions	1,404,732

Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,033,547
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Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(22,265,000)
Bond premium	(577,764)
Deferred charge on refunding	(304,095)
Capital lease payable	(4,102,177)
Compensated absences	(4,059,372)
Net pension liability	(10,702,032)
Net OPEB obligation	(7,196,641)
Accrued interest payable	(241,072)
Deferred inflows related to pensions	(392,658)

Net position of governmental activities	\$ 85,507,672
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(Concluded)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2017

	<u>General</u>	<u>Bonded Projects</u>	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 61,948,866	\$ -	\$ -	\$ -	\$ 61,948,866
Intergovernmental	17,841,944	121,154	1,529,968	2,591,647	22,084,713
Charges for services	1,885,995	-	7,651	1,364,275	3,257,921
Use of money and property	195,769	-	2,498	355	198,622
Contributions	-	-	-	51,161	51,161
Other	5,177	-	24,092	-	29,269
	<u>81,877,751</u>	<u>121,154</u>	<u>1,564,209</u>	<u>4,007,438</u>	<u>87,570,552</u>
Total revenues					
Expenditures:					
Current:					
General government	13,178,184	-	-	308,293	13,486,477
Public safety	5,422,193	-	-	85,746	5,507,939
Health and welfare	327,690	-	-	25,043	352,733
Public works	3,389,038	-	-	-	3,389,038
Library	847,143	-	-	13,696	860,839
Education	52,383,015	-	-	3,315,677	55,698,692
Debt service	2,887,040	-	-	-	2,887,040
Capital outlay	-	4,062,330	1,842,711	-	5,905,041
	<u>78,434,303</u>	<u>4,062,330</u>	<u>1,842,711</u>	<u>3,748,455</u>	<u>88,087,799</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>3,443,448</u>	<u>(3,941,176)</u>	<u>(278,502)</u>	<u>258,983</u>	<u>(517,247)</u>
Other financing sources (uses):					
BAN premium	-	16,874	-	-	16,874
Sale of capital assets	-	-	26,080	-	26,080
Transfers in	-	975,000	225,000	-	1,200,000
Transfers out	(1,200,000)	-	-	-	(1,200,000)
	<u>(1,200,000)</u>	<u>991,874</u>	<u>251,080</u>	<u>-</u>	<u>42,954</u>
Net other financing sources (uses)					
Net change in fund balances	2,243,448	(2,949,302)	(27,422)	258,983	(474,293)
Fund balances - July 1, 2016	<u>16,489,379</u>	<u>(5,774,959)</u>	<u>1,358,378</u>	<u>2,472,579</u>	<u>14,545,377</u>
Fund Balances - June 30, 2017	<u>\$ 18,732,827</u>	<u>\$ (8,724,261)</u>	<u>\$ 1,330,956</u>	<u>\$ 2,731,562</u>	<u>\$ 14,071,084</u>

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2017**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ (474,293)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	6,325,351
Depreciation expense	<u>(3,388,273)</u>
 Total	 <u>2,937,078</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Loss on disposal of assets (103,873)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Change in property tax receivable - accrual basis change	(160,171)
Change in loan receivable - accrual basis change	393,337
Change in property tax interest and lien revenue	(115,341)
Change in property tax allowance for doubtful accounts	<u>25,000</u>
 Total	 <u>142,825</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Principal repayments:	
General obligation bonds	1,785,000
Capital lease	866,804
Bond premium	97,219
Deferred charges	<u>(19,034)</u>
 Total	 <u>2,729,989</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	250,163
Pension expense	(2,182,812)
OPEB expense	(1,065,563)
Accrued interest payable	<u>63,123</u>
 Total	 <u>(2,935,089)</u>

The net revenue of the activities of the internal service funds is reported with governmental activities 155,015

Change in net position of governmental activities (Exhibit B) \$ 2,451,652

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 60,447,306	\$ 60,447,306	\$ 61,948,866	\$ 1,501,560
Intergovernmental	9,279,811	9,279,811	9,327,557	47,746
Charges for services	1,461,021	1,461,021	1,745,204	284,183
Use of money and property	85,000	85,000	195,769	110,769
Other	-	-	5,177	5,177
Total revenues	<u>71,273,138</u>	<u>71,273,138</u>	<u>73,222,573</u>	<u>1,949,435</u>
Expenditures:				
Current:				
General government	13,175,337	13,233,157	13,178,184	54,973
Public safety	4,972,074	4,986,580	4,985,080	1,500
Health and welfare	370,421	327,690	327,690	-
Public works	3,435,946	3,382,460	3,377,390	5,070
Library	849,403	847,143	847,143	-
Education	43,859,880	43,895,427	43,825,272	70,155
Debt service	<u>2,896,436</u>	<u>2,887,040</u>	<u>2,887,040</u>	<u>-</u>
Total expenditures	<u>69,559,497</u>	<u>69,559,497</u>	<u>69,427,799</u>	<u>131,698</u>
Excess (deficiency) of revenues over expenditures	1,713,641	1,713,641	3,794,774	2,081,133
Other financing sources (uses):				
Transfers out	<u>(1,713,641)</u>	<u>(1,713,641)</u>	<u>(1,713,641)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,081,133	<u>\$ 2,081,133</u>
Fund balance, July 1, 2016			<u>17,324,029</u>	
Fund balance, June 30, 2017			<u>\$ 19,405,162</u>	

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Fund Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
<u>Assets</u>				
Current assets:				
Cash	\$ 18,599	\$ 575,615	\$ 594,214	\$ 772,943
Investments	-	401,900	401,900	1,217,922
Receivables (net):				
Assessments	-	1,671,248	1,671,248	-
Intergovernmental	1,327,596	-	1,327,596	-
Other	181,312	286,329	467,641	-
Due from other funds	-	2,917,070	2,917,070	42,682
Total current assets	1,527,507	5,852,162	7,379,669	2,033,547
Noncurrent assets:				
Receivables:				
Assessments	-	12,399,889	12,399,889	-
Capital assets (net):				
Land	24,123	132,949	157,072	-
Construction in progress	1,396,732	96,681	1,493,413	-
Intangible assets	4,832	6,572,648	6,577,480	-
Buildings	204,541	318,768	523,309	-
Building improvements	18,939	4,631	23,570	-
Distribution and collection system	6,834,109	20,814,016	27,648,125	-
Machinery and equipment	39,661	618,283	657,944	-
Vehicles	27,628	-	27,628	-
Total capital assets (net)	8,550,565	28,557,976	37,108,541	-
Total noncurrent assets	8,550,565	40,957,865	49,508,430	-
Total assets	10,078,072	46,810,027	56,888,099	2,033,547
<u>Deferred Outflows of Resources</u>				
Pension related	43,908	32,931	76,839	-

(Continued)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Fund Net Position
Proprietary Funds
June 30, 2017

Business-type Activities
Enterprise Funds

<u>Liabilities</u>	<u>Major Funds</u>			Internal Service Funds
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Totals</u>	
Current liabilities:				
Accounts payable	\$ 193,921	\$ 143,759	\$ 337,680	\$ -
Retainage payable	69,873	-	69,873	-
Accrued payroll and benefits	10,122	5,964	16,086	-
Accrued interest payable	3,092	96,182	99,274	-
Due to other funds	2,579,091	-	2,579,091	-
Bond anticipation notes payable	-	50,000	50,000	-
Interim funding obligation	1,036,861	-	1,036,861	-
Bonds, notes and loans payable	137,520	777,061	914,581	-
Total current liabilities	4,030,480	1,072,966	5,103,446	-
Noncurrent liabilities:				
Bonds, notes and related liabilities	1,717,859	12,766,361	14,484,220	-
Compensated absences	14,220	7,984	22,204	-
Net pension liability	234,439	175,830	410,269	-
Net OPEB obligation	181,047	139,690	320,737	-
Total noncurrent liabilities	2,147,565	13,089,865	15,237,430	-
Total liabilities	6,178,045	14,162,831	20,340,876	-
<u>Deferred Inflows of Resources</u>				
Deferred charge on refunding	-	249,510	249,510	-
Pension related	336	253	589	-
Total deferred inflows of resources	336	249,763	250,099	-
<u>Net Position</u>				
Net investment in capital assets	5,658,325	14,715,044	20,373,369	-
Unrestricted	(1,714,726)	17,715,320	16,000,594	2,033,547
Total net position	\$ 3,943,599	\$ 32,430,364	\$ 36,373,963	\$ 2,033,547

(Concluded)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2017

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
Operating revenues:				
Charges for services	\$ 2,101,777	\$ 2,756,531	\$ 4,858,308	\$ 668,147
Operating expenses:				
Personnel services	836,542	551,923	1,388,465	-
Repairs and maintenance	106,788	63,766	170,554	-
Contracted services	554,998	1,037,891	1,592,889	-
Materials and supplies	73,384	31,186	104,570	-
Utilities	16,446	38,811	55,257	-
Insurance	25,679	18,057	43,736	-
Claims incurred	-	-	-	526,234
Capital improvement	204,070	-	204,070	-
Depreciation and amortization	148,636	489,467	638,103	-
Total operating expenses	1,966,543	2,231,101	4,197,644	526,234
Operating income (loss)	135,234	525,430	660,664	141,913
Nonoperating revenues (expenses):				
Capital grant	320,775	-	320,775	-
Investment income	2	2,309	2,311	13,102
Assessment bond interest	-	558,199	558,199	-
Interest expense	(10,746)	(498,064)	(508,810)	-
Net nonoperating revenues (expenses)	310,031	62,444	372,475	13,102
Change in net position	445,265	587,874	1,033,139	155,015
Total net position - July 1, 2016	3,498,334	31,842,490	35,340,824	1,878,532
Total net position - June 30, 2017	\$ 3,943,599	\$ 32,430,364	\$ 36,373,963	\$ 2,033,547

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2017

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 2,127,351	\$ 2,845,626	\$ 4,972,977	\$ 668,147
Receipts (payments) on due to/from balances	(129,013)	(1,221,772)	(1,350,785)	(42,682)
Payments to suppliers	(1,256,552)	(1,108,415)	(2,364,967)	-
Payments to employees	(698,595)	(455,702)	(1,154,297)	-
Claims paid	-	-	-	(594,634)
Net cash provided by (used in) operating activities	<u>43,191</u>	<u>59,737</u>	<u>102,928</u>	<u>30,831</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(2,366,250)	(85,705)	(2,451,955)	-
Assessments	-	1,113,049	1,113,049	-
Assessment bond interest	-	558,199	558,199	-
Proceeds from grants and state drinking water loans	2,349,310	-	2,349,310	-
Principal payments (bonds and bond anticipation notes)	-	(1,135,000)	(1,135,000)	-
Interest payments, net	(7,654)	(510,280)	(517,934)	-
Net cash provided by (used in) capital and related financing activities	<u>(24,594)</u>	<u>(59,737)</u>	<u>(84,331)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	<u>2</u>	<u>2,309</u>	<u>2,311</u>	<u>13,102</u>
Increase (decrease) in cash and cash equivalents	18,599	2,309	20,908	43,933
Cash and cash equivalents - July 1, 2016	<u>-</u>	<u>975,206</u>	<u>975,206</u>	<u>1,946,932</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 18,599</u>	<u>\$ 977,515</u>	<u>\$ 996,114</u>	<u>\$ 1,990,865</u>
Reconciliation to Exhibit G - Cash:				
Cash and cash equivalents per above	\$ 18,599	\$ 977,515	\$ 996,114	\$ 1,990,865
Cash and cash equivalents reported as investments	<u>-</u>	<u>(401,900)</u>	<u>(401,900)</u>	<u>(1,217,922)</u>
Cash - Exhibit G	<u>\$ 18,599</u>	<u>\$ 575,615</u>	<u>\$ 594,214</u>	<u>\$ 772,943</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 135,234	\$ 525,430	\$ 660,664	\$ 141,913
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	148,636	489,467	638,103	-
(Increase) decrease in:				
Receivables	25,574	89,095	114,669	-
Due from other funds	-	(1,221,772)	(1,221,772)	(42,682)
Increase (decrease) in:				
Accounts and other payables	(137,240)	177,517	40,277	(68,400)
Due to other funds	(129,013)	-	(129,013)	-
Net cash provided by (used in) operating activities	<u>\$ 43,191</u>	<u>\$ 59,737</u>	<u>\$ 102,928</u>	<u>\$ 30,831</u>

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust Funds	Private - Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash	\$ -	\$ 37,777	\$ 144,079
Investments:			
Mutual funds:			
Equity	5,732,640	34,795	-
Bond	2,994,680	105,207	-
Certificates of deposit	1,128,803	-	632,462
Bank money market accounts	835,779	4,841	-
U.S. government obligations	6,156,581	-	-
U.S. government agency securities	-	162,990	-
Common stock	14,776,153	-	-
Corporate bonds	8,552,502	-	-
	<u> </u>	<u> </u>	<u> </u>
Total investments	40,177,138	307,833	632,462
	<u> </u>	<u> </u>	<u> </u>
Prepaid benefits and fees	524,702	-	-
Due from other funds	50,000	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	40,751,840	345,610	776,541
	<u> </u>	<u> </u>	<u> </u>
<u>Liability</u>			
Accounts payable	-	-	776,541
	<u> </u>	<u> </u>	<u> </u>
<u>Net Position</u>			
Restricted for pension benefits and other purposes	\$ 40,751,840	\$ 345,610	\$ -
	<u> </u>	<u> </u>	<u> </u>

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2017

	Pension Trust Funds	Private - Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 2,221,720	\$ -
Plan members	580,567	-
Private contributions	<u>-</u>	<u>39,218</u>
Total contributions	<u>2,802,287</u>	<u>39,218</u>
Investment income (loss):		
Change in fair value of investments	2,229,267	(1,070)
Interest and dividends	<u>1,797,062</u>	<u>13,012</u>
Total investment income (loss)	4,026,329	11,942
Less investment expenses	<u>210,129</u>	<u>-</u>
Net investment income (loss)	<u>3,816,200</u>	<u>11,942</u>
Total additions	<u>6,618,487</u>	<u>51,160</u>
Deductions:		
Benefits	2,052,157	-
Administration	137,594	135
Scholarships awarded	<u>-</u>	<u>48,575</u>
Total deductions	<u>2,189,751</u>	<u>48,710</u>
Change in net position	4,428,736	2,450
Net position - July 1, 2016	<u>36,323,104</u>	<u>343,160</u>
Net position - June 30, 2017	<u><u>\$ 40,751,840</u></u>	<u><u>\$ 345,610</u></u>

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****History and organization**

The Town of Bethel was incorporated in 1855 and covers an area of 17 square miles. The Town operates under a Selectmen-Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted November 6, 1973. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, sewers and water, a free public library and education encompassing grades PreK-12.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of Bethel, Connecticut

Notes to Financial Statements
For Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bonded Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Capital Nonrecurring Fund accounts for activities associated with major capital improvements and equipment.

The Town reports the following major proprietary funds:

The Water Department Fund accounts for the activities of the Town's water operations.

The Sewer Department Fund accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for risk financing activities for prescription benefits and Town and Board of Education retiree medical insurance benefits.

The Hennessey, Menegay and Education Scholarships Funds are Private-Purpose Trust Funds and are used to account for resources legally held in trust for various scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. For the Education Scholarships, there is no requirement that any portion of these resources be preserved as capital.

The Pension Trust Funds account for the activities of the Bethel Retirement System, which accumulates resources for pension benefit payments to qualified employees.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

The Agency Funds account for monies held on behalf of students and amounts held for performance bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's sewer, water and transfer station operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water department enterprise fund, sewer department enterprise fund and of the Town's internal service funds are charges to customers for sales and services. The sewer department also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Bethel pension plan and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Bethel pension plan and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Deposits and investments**

Deposits - The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)

The Town's pension funds have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines and diversification guidelines and fixed income and cash equivalent guidelines.

The investment guidelines are as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	20%	60%	60%
Fixed income	40%	90%	40%
Cash equivalents	2%	20%	N/A

No investment should be more than 5% of the total fund and not more than 25% should be in any one industry.

For fixed income investments, no more than 20% may be invested in bonds that are below investment grade. In addition, the maximum maturity for any single security is 30 years and the average portfolio maturity may not exceed 15 years.

Method used to value investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

2. Receivables and payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

b. Property taxes and other receivables

In the government-wide financial statements, all trade, property tax and water and sewer use are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 34% of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred inflow of resources since they are not considered to be available to finance expenditures of the current year.

Property taxes are assessed on property as of October 1. Real estate taxes are billed in the following July and are due in four installments, July 1, October 1, January 1 and April 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Town of Bethel, Connecticut

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)**

3. Restricted assets

The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the water and sewer departments during the current fiscal year was \$10,746 and \$498,064, respectively. These amounts were not capitalized.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50-75
Building improvements	50
Land improvements	50
Roads	75
Bridges	50
Sewer plant	50
Sewer lines	40-50
Water lines and pumping stations	50-100
Vehicles	7-25
Equipment	10-25
Intangible assets	15-75

Intangible assets for governmental activities are for computer software, which is amortized over the expected useful life of the software. Intangible assets for business-type activities are for computer software and for capacity at a sewer treatment plant owned and operated by another municipality. These are amortized over the useful life of the software and equipment.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)****5. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments. The deferred outflow related to the differences between expected and actual experience will be amortized over the average remaining service life of all plan members. The deferred outflow for the net difference between projected and actual earnings of the pension plan investments will be amortized over a five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow related to pensions for the differences between expected and actual experience. These deferred inflows will be amortized over the remaining service life of all plan members. The Town also reports the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes (including advance collections, if any). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated absences

All employees, except those specified below, are granted vacation and sick time based upon contractual provisions. At anniversary year end, unused vacation and sick time do not accumulate or vest; therefore, in the event of termination or retirement, employees are not compensated for unused vacation and sick time.

The Board of Education employees are paid vacation on a fiscal year basis; therefore, unused vacation lapses at June 30. The Town employees are paid vacation on an anniversary date basis; therefore, a liability for unused vacation has been recorded. The liability for compensated absences has also been recorded in the enterprise funds' financial statements as a noncurrent liability.

Certified employees at the Board of Education may accumulate up to 150 days of unused sick time. Only upon retirement are they entitled to receive 50% reimbursement. Retirement amounts are included in the current year budget to reimburse current year retirees.

Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)****7. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net position flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

9. Fund equity and net position

In the government-wide financial statements, net position is classified into the following categories:

Net investment in capital assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted net position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted net position

This category presents the net position of the Town which is not restricted.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)**Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Board of Finance.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Board of Finance has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The Board of Finance adopted a minimum fund balance policy for the general fund. It is the policy of the Town to maintain a fund balance of 10 percent of the operating general fund expenditures.

10. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****II. Stewardship, compliance and accountability****A. Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements:

1. In April, the Board of Finance submits to a public hearing, at which taxpayer comments are obtained, the proposed operating budget of the general fund (the only fund for which a legal budget is adopted) for the year commencing July 1. The budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.
2. The Board of Finance submits its proposed budget to the annual Town Meeting, which is held on one of the first seven days in May. Those in attendance at the annual Town Meeting may, by majority vote, decrease any appropriations or approve the appropriations as presented. Appropriations may not be increased. The final budget is then automatically referred to a machine vote for approval. The date of the machine vote is also established by the annual Town Meeting, which must be held not less than seven nor more than fourteen days from the date of the annual Town Meeting. Those citizens registered to vote or who have property assessments in excess of \$1,000 are eligible to vote.
3. The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another, with the exception of the wage contingency account. Authority to transfer budgeted funds is vested in the Comptroller for settlement of union contracts and general salary increases approved by the First Selectman only. Management may not authorize any additional appropriations. All additional appropriations less than \$50,000 require Board of Selectmen and Board of Finance approval. Those in excess of \$50,000 require full legislative approval (Town Meeting). There were no additional appropriations during the year.
4. Formal budgetary integration is employed as a management control device during the year.
5. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
6. The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion.
7. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, aside from the Capital Projects Fund, all unencumbered appropriations lapse at year end. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of Bethel, Connecticut

Notes to Financial Statements

II. Stewardship, compliance and accountability (continued)

A. Budgets and budgetary accounting (continued)

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers Out</u>	<u>Fund Balance</u>
Balance, budgetary basis, Exhibit F	\$ 73,222,573	\$ 69,427,799	\$ (1,713,641)	\$ 19,405,162
Accrued Payroll	-	-	-	(141,389)
Board of Education Contingency	-	43,356	238,641	576,092
Paramedic Intercept	140,791	437,113	275,000	(464,614)
Transfer Station	-	11,648	-	(642,424)
State Teachers' Retirement on-behalf amount	8,514,387	8,514,387	-	-
Balance, GAAP basis, Exhibit D	<u>\$ 81,877,751</u>	<u>\$ 78,434,303</u>	<u>\$ (1,200,000)</u>	<u>\$ 18,732,827</u>

B. Donor-restricted endowments

The Town has received certain endowments for various scholarship purposes. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$37,928 for the Hennessy Scholarship fund, \$62,990 for the Menegay Scholarship fund and \$0 for the Education Scholarship fund, is approved for expenditure by the individual Boards of the benefiting activities and is included in restricted net position.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

C. Capital projects authorizations

The following is a summary of certain projects recorded in the Bonded Projects Fund:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Road Construction 2016	\$ 1,038,808	\$ 829,799	\$ 209,009
Road Construction 2017	500,000	-	-
Police Station	13,492,000	966,246	12,525,754
Energy Saving Project	<u>4,305,492</u>	<u>3,781,474</u>	<u>524,018</u>
Totals	<u>\$ 19,336,300</u>	<u>\$ 5,577,519</u>	<u>\$ 13,758,781</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

III. Detailed notes**A. Cash and Investments****Deposits - custodial credit risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$18,174,149 of the Town's bank balance of \$19,826,722 (including certificates of deposit and money market accounts) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,209,398
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,964,751</u>
Total amount subject to custodial credit risk	<u>\$ 18,174,149</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

The Town's investments consisted of the following:

Type of Investment	Fair value	Investment Maturities (in Years)				
		N/A	Less than 1	1-5 Years	6-10 Years	Over 10 Years
Mutual funds and ETFs:						
Equity	\$ 5,767,435	\$ 5,767,435	\$ -	\$ -	\$ -	\$ -
Bond	13,108,115	-	11,264,377	1,843,738	-	-
Certificates of deposit	7,376,593	-	7,376,593	-	-	-
Bank money market accounts	8,994,459	-	8,994,459	-	-	-
U.S. government obligations	6,156,581	-	471,191	5,685,390	-	-
U.S. government agency securities	202,652	-	-	39,662	-	162,990
Common stock	14,776,153	14,776,153	-	-	-	-
Corporate bonds	8,552,502	-	-	8,552,502	-	-
Total	<u>\$ 64,934,490</u>	<u>\$ 20,543,588</u>	<u>\$ 28,106,620</u>	<u>\$ 16,121,292</u>	<u>\$ -</u>	<u>\$ 162,990</u>

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Observable inputs other than quoted market prices; and
- Level 3:* Unobservable inputs.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and Investments (continued)

The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by Fair Value Level				
<u>Mutual Funds:</u>				
Equity	\$ 5,767,435	\$ 5,767,435	\$ -	\$ -
Bond	13,108,115	13,108,115	-	-
Money market	-	-	-	-
Common stock	14,776,153	14,776,153	-	-
U.S. government obligations	6,156,581	-	6,156,581	-
U.S. government agency obligations	202,652	-	202,652	-
Corporate bonds	8,552,502	-	8,552,502	-
Total Investments by Fair Value Level	48,563,438	\$ 33,651,703	\$ 14,911,735	\$ -
<u>Other Investments</u>				
Certificates of deposit	7,376,593			
Bank money market accounts	8,994,459			
Total Other investments	16,371,052			
Total Investments	\$ 64,934,490			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

The Town's investments subject to credit risk had average ratings as follows by Standard & Poor's.

Average Rating	Bond Mutual Funds	U.S. Government Obligations	U.S. Government Agency Securities	Corporate Bonds
AAA	\$ 23,333	\$ 6,156,581	\$ 202,652	\$1,366,243
AA	11,159,171	-	-	2,706,579
A	-	-	-	2,070,405
B	1,925,711	-	-	-
BB	-	-	-	288,709
BBB	-	-	-	2,069,159
Unrated	-	-	-	51,408
Total	\$13,108,215	\$ 6,156,581	\$ 202,652	\$8,552,503

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and Investments (continued)

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Town has certain investments, which are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The Town's investments are subject to custodial credit risk as follows:

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
U.S. government obligations	\$ 6,156,581	\$ 1,000,000	\$ 5,156,581
U.S. government agency securities	202,652	162,990	39,662
Common stock	14,776,153	500,000	14,276,153
Corporate bonds	<u>8,552,502</u>	<u>-</u>	<u>8,552,502</u>
Total	<u>\$ 29,687,888</u>	<u>\$ 1,662,990</u>	<u>\$ 28,024,898</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts are presented below.

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 595,241</u>	<u>\$ 87,738</u>	<u>\$ 682,979</u>
Long-term portion	\$ 198,413	\$ 87,737	\$ 286,150
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(75,000)</u>	<u>(225,000)</u>
Net long-term portion	<u>\$ 48,413</u>	<u>\$ 12,737</u>	<u>\$ 61,150</u>

	<u>Use Charge Receivables</u>	
	<u>Water Department</u>	<u>Sewer Department</u>
Gross receivable	\$ 186,312	\$ 293,829
Less allowance for uncollectibles	<u>(5,000)</u>	<u>(7,500)</u>
Net receivable	<u>\$ 181,312</u>	<u>\$ 286,329</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2017</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 6,957,720	\$ -	\$ -	\$ 6,957,720
Construction in progress	6,026,670	4,953,704	5,092,153	5,888,221
Total capital assets, not being depreciated	<u>12,984,390</u>	<u>4,953,704</u>	<u>5,092,153</u>	<u>12,845,941</u>
Capital assets, being depreciated:				
Land improvements	2,616,076	47,868	-	2,663,944
Buildings	88,929,745	-	-	88,929,745
Building improvements	14,222,894	286,143	-	14,509,037
Machinery and equipment	8,793,901	626,244	106,042	9,314,103
Intangible assets	131,849	-	-	131,849
Vehicles	6,994,697	221,864	378,610	6,837,951
Infrastructure	19,007,931	5,281,681	-	24,289,612
Total capital assets, being depreciated	<u>140,697,093</u>	<u>6,463,800</u>	<u>484,652</u>	<u>146,676,241</u>
Total capital assets	<u>153,681,483</u>	<u>11,417,504</u>	<u>5,576,805</u>	<u>159,522,182</u>
Less accumulated depreciation for:				
Land improvements	790,693	107,485	-	898,178
Buildings	21,646,860	1,188,224	-	22,835,084
Building improvements	6,011,822	462,259	-	6,474,081
Machinery and equipment	4,687,304	988,729	100,629	5,575,404
Intangible assets	42,850	6,592	-	49,442
Vehicles	2,814,380	292,798	280,150	2,827,028
Infrastructure	3,819,125	342,186	-	4,161,311
Total accumulated depreciation	<u>39,813,034</u>	<u>3,388,273</u>	<u>380,779</u>	<u>42,820,528</u>
Total capital assets, being depreciated, net	<u>100,884,059</u>	<u>3,075,527</u>	<u>103,873</u>	<u>103,855,713</u>
Governmental activities capital assets, net	<u>\$ 113,868,449</u>	<u>\$ 8,029,231</u>	<u>\$ 5,196,026</u>	<u>\$ 116,701,654</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Capital assets (continued)

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 157,072	\$ -	\$ -	\$ 157,072
Construction in progress	3,943,365	2,465,496	4,915,448	1,493,413
Total capital assets, not being depreciated	4,100,437	2,465,496	4,915,448	1,650,485
Capital assets, being depreciated:				
Intangible assets	12,144,523	-	-	12,144,523
Buildings	4,272,637	-	-	4,272,637
Building improvements	78,674	-	-	78,674
Distribution and collection system	29,403,399	4,901,908	-	34,305,307
Machinery and equipment	1,558,470	-	42,325	1,516,145
Vehicles	144,875	-	-	144,875
Total capital assets, being depreciated	47,602,578	4,901,908	42,325	52,462,161
Total capital assets	51,703,015	7,367,404	4,957,773	54,112,646
Less accumulated depreciation for:				
Intangible assets	5,404,085	162,958	-	5,567,043
Buildings	3,686,764	62,564	-	3,749,328
Building improvements	53,506	1,598	-	55,104
Distribution and collection system	6,287,200	369,982	-	6,657,182
Machinery and equipment	863,674	36,852	42,325	858,201
Vehicles	113,098	4,149	-	117,247
Total accumulated depreciation	16,408,327	638,103	42,325	17,004,105
Total capital assets, being depreciated, net	31,194,251	4,263,805	-	35,458,056
Business-type capital assets, net	\$ 35,294,688	\$ 6,729,301	\$ 4,915,448	\$ 37,108,541

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:

General government	\$ 170,685
Public safety	357,833
Public works	491,030
Library	204,836
Health and welfare	43,946
Education	<u>2,119,943</u>
Total depreciation expense - governmental activities	<u>\$3,388,273</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Capital assets (continued)Business-type activities:

Water	\$ 148,636
Sewer	<u>489,467</u>

Total depreciation/amortization expense - business-type activities \$ 638,103

Construction commitments

The Town has the following commitments:

Police station project	\$2,515,109
Lighting project	524,018
Hoyts Hill Pump Station	735,055
Maple Avenue Wells	28,649

D. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	<u>Due From</u>	<u>Due To</u>
<u>Major funds:</u>			
General fund:			
Health department grants	N/A	\$ -	\$ 38,948
Public safety grants	N/A	-	40,290
Education grants	N/A	-	892,937
Railroad station	N/A	-	63,708
General government	N/A	-	22,916
Debt service fund	N/A	-	1,083,156
Small cities	N/A	-	62,999
Capital nonrecurring	N/A	891,376	-
Bonded projects	N/A	-	1,752,105
Water department	N/A	2,381,900	-
Sewer department	N/A	-	2,871,548
Internal service	N/A	-	42,682
Town pension fund	N/A	-	<u>50,000</u>
Total general fund		<u>3,273,276</u>	<u>6,921,289</u>
Bonded projects:			
General fund	N/A	1,752,105	-
Debt service fund	N/A	-	43,374
Capital nonrecurring	N/A	-	<u>30,000</u>
Total bonded projects		<u>1,752,105</u>	<u>73,374</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Interfund accounts (continued)

	Corresponding <u>Fund</u>	<u>Due From</u>	<u>Due To</u>
<u>Capital nonrecurring:</u>			
General fund	N/A	\$ -	\$ 891,376
Bonded projects	N/A	30,000	-
Debt service	N/A	59,898	-
Water	N/A	151,669	-
Total capital nonrecurring		241,567	891,376
<u>Water department:</u>			
Capital nonrecurring	N/A	-	151,669
Sewer department	N/A	-	45,522
General fund	N/A	-	2,381,900
Total water department		-	2,579,091
<u>Sewer department:</u>			
Water department	N/A	45,522	-
General fund	N/A	2,871,548	-
Total sewer department		2,917,070	-
<u>Internal service funds:</u>			
BOE medical self-insurance	General fund	42,682	-
<u>Nonmajor governmental funds:</u>			
Health department grants	General fund	38,948	-
Small cities	General fund	62,999	-
Public safety grants	General fund	40,290	-
Education grants	General fund	892,937	-
Railroad station	General fund	63,708	-
General government	General fund	22,916	-
Debt service fund	General fund	1,083,156	-
Debt service fund	Bonded projects	43,374	-
Debt service fund	Capital nonrecurring	-	59,898
Total nonmajor governmental funds		2,248,328	59,898
<u>Fiduciary funds:</u>			
Town pension fund	General fund	50,000	-
Grand total		\$ 10,525,028	\$ 10,525,028

All interfund balances result from time lag between the dates payments occur between funds for short-term internal financing.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

2. Advance payable and receivable

	Corresponding <u>Fund</u>	Advances <u>To</u>	Advances <u>From</u>
General fund:			
Bennett property	N/A	\$ 30,185	\$ -
Nonmajor governmental funds:			
Bennett property	General Fund	-	30,185
Grand total		<u>\$ 30,185</u>	<u>\$ 30,185</u>

Advances relate to working capital loans. Balances are not scheduled to be collected in the subsequent year.

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	Corresponding <u>Fund</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General fund:			
Capital nonrecurring	N/A	\$ -	\$ 225,000
Bonded projects	N/A	-	975,000
Total general fund		-	1,200,000
Major – Bonded projects:			
General fund	N/A	975,000	-
Major – Capital nonrecurring:			
General fund	N/A	225,000	-
Grand total		<u>\$1,200,000</u>	<u>\$1,200,000</u>

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

E. Short-term obligations**1. Bond anticipation notes**

The Town uses bond anticipation notes ("BANs") during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the fiscal year was as follows:

Governmental activities:

Project	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
General purpose - capital	\$8,890,270	\$8,690,270	\$8,890,270	\$8,690,270
Road paving	1,660,000	1,285,000	1,660,000	1,285,000
Public works equipment	479,730	329,730	479,730	329,730
High school renovation	350,000	100,000	350,000	100,000
Total	<u>\$11,380,000</u>	<u>\$10,405,000</u>	<u>\$11,380,000</u>	<u>\$10,405,000</u>

Business-type activities:

The Town also issued BANS for certain enterprise fund projects.

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Sewer department	<u>\$ 400,000</u>	<u>\$ 50,000</u>	<u>\$ 400,000</u>	<u>\$ 50,000</u>

The BANs carry an interest rate of 1.25% and mature in October 2017. In October 2017, the Town issued \$22,950,000 of BANs that mature in June 2018 and carry an interest rate of 2.00%.

2. Interim funding obligations

The Town has two interim loans from the Drinking Water State Revolving Fund in the Water Fund. The loans include interest at 2.00% per year. The final project loan obligation will include accrued interest.

Project	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Hoyts Hill Pump Station	\$ -	\$ 378,231	\$ -	\$ 378,231
Maple Ave Wells	-	658,630	-	658,630
Total interim funding obligations	<u>\$ -</u>	<u>\$1,036,861</u>	<u>\$ -</u>	<u>\$1,036,861</u>

Town of Bethel, Connecticut
Notes to Financial Statements
For the Year Ended June 30, 2017

F. Changes in long-term obligations

1. Summary of changes

The following is a summary of changes in long-term obligations during the fiscal year:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Current Portion
General purpose:									
Refunding bonds	\$ 1,785,000	04/28/10	07/15/20	4.00-5.00%	\$ 1,270,000	\$ -	\$ 315,000	\$ 955,000	\$ 315,000
Refunding bonds	1,992,000	04/28/10	07/15/20	3.00-5.00%	1,148,500	-	158,500	990,000	165,000
Refunding bonds	1,630,000	05/14/14	08/01/31	2.00-3.00%	<u>1,630,000</u>	-	-	<u>1,630,000</u>	-
Total general purpose					<u>4,048,500</u>	-	<u>473,500</u>	<u>3,575,000</u>	<u>480,000</u>
School:									
Refunding bonds	4,648,000	04/28/10	07/15/20	3.00-5.00%	2,521,500	-	361,500	2,160,000	360,000
Refunding bonds	18,405,000	04/28/15	11/15/34	1.00-5.00%	<u>17,480,000</u>	-	<u>950,000</u>	<u>16,530,000</u>	<u>755,000</u>
Total school					<u>20,001,500</u>	-	<u>1,311,500</u>	<u>18,690,000</u>	<u>1,115,000</u>
Total bonds					24,050,000	-	1,785,000	22,265,000	1,595,000
Premium					<u>674,983</u>	-	<u>97,219</u>	<u>577,764</u>	<u>97,219</u>
Total bonds and notes and related liabilities					24,724,983	-	1,882,219	22,842,764	1,692,219
Capital lease payable					4,968,981	-	866,804	4,102,177	382,946
Compensated absences					4,309,535	346,115	596,278	4,059,372	972,712
Net pension liability					10,611,774	6,267,678	6,177,420	10,702,032	-
Net OPEB obligation					<u>6,131,078</u>	<u>1,603,488</u>	<u>537,925</u>	<u>7,196,641</u>	-
Total long-term obligations					<u>\$ 50,746,351</u>	<u>\$ 8,217,281</u>	<u>\$ 10,060,646</u>	<u>\$ 48,902,986</u>	<u>\$ 3,047,877</u>

All long-term liabilities are generally liquidated by the general fund or the debt service fund.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

F. Changes in long-term obligations (continued)Enterprise funds (1):

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Current Portion
Bonds:									
Sewer:									
Refunding bonds	\$ 2,975,000	05/14/14	08/01/31	2.00-3.25%	\$ 2,770,000	\$ -	\$ 200,000	\$ 2,570,000	\$ 190,000
Refunding bonds	12,010,000	04/07/15	11/15/34	1.00-5.00%	11,440,000	-	585,000	10,855,000	580,000
Total bonds					14,210,000	-	785,000	13,425,000	770,000
Notes:									
Water:									
DWSRF 2016-7040	1,855,379	05/31/17	11/30/36	2.00%	-	1,855,379	-	1,855,379	137,520
Premium					158,257	-	39,835	118,422	7,061
Total bonds, notes and related liabilities					14,368,257	1,855,379	824,835	15,398,801	914,581
Compensated absences					17,598	5,234	628	22,204	-
Net pension liability					326,092	387,650	303,473	410,269	-
Net OPEB obligation					267,012	80,848	27,123	320,737	-
Total enterprise funds					\$ 14,978,959	\$ 2,329,111	\$ 1,156,059	\$ 16,152,011	\$ 914,581

- (1) The sewer improvement bonds are supported by means of an assessment program. All obligations are backed by the full faith and credit of the Town.

The following is a summary of debt maturities:

Year Ending June 30,	Debt Maturities					
	Bonds	General Purpose Interest	Sewer Bonds	Sewer Interest	Notes	Notes Interest
2018	\$1,595,000	\$864,438	\$770,000	\$483,657	\$137,520	\$ 38,894
2019	1,740,000	788,613	775,000	456,532	77,940	33,645
2020	1,760,000	701,113	780,000	423,282	79,513	32,072
2021	1,790,000	615,713	790,000	388,657	81,118	30,467
2022	1,795,000	532,738	795,000	352,682	82,755	28,830
2023	1,800,000	451,038	800,000	317,307	84,425	27,160
2024	1,285,000	383,257	800,000	282,413	86,130	25,455
2025	1,275,000	337,458	800,000	253,350	87,868	23,717
2026	950,000	305,069	620,000	230,031	89,642	21,943
2027	940,000	276,719	615,000	206,481	91,451	20,134
2028	930,000	244,019	1,100,000	180,281	93,297	18,288
2029	930,000	206,819	605,000	151,281	95,180	16,405
2030	930,000	169,619	920,000	122,356	97,101	14,484
2031	925,000	137,144	600,000	96,413	99,061	12,564
2032	915,000	108,972	900,000	73,160	101,061	10,525
2033	910,000	78,750	590,000	51,100	103,100	8,485
2034	900,000	47,075	585,000	30,538	105,181	6,404
2035	895,000	15,658	580,000	10,145	107,304	4,281
2036	-	-	-	-	109,470	2,115
2037	-	-	-	-	46,262	232
TOTALS	\$ 22,265,000	\$ 6,264,212	\$ 13,425,000	\$ 4,109,666	\$ 1,855,379	\$ 376,100

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

F. Changes in long-term obligations (continued)**2. Statutory debt limitations**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 139,226,220	\$ 13,880,000	\$ 125,346,220
Schools	278,452,440	18,790,000	259,662,440
Sewers	232,043,700	-	232,043,700
Urban renewal	201,104,540	-	201,104,540
Pension deficit	185,634,960	-	185,634,960

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$433,148,240.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

3. Capital leases

The Town is committed under capital leases for computers, equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and; therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Computers, equipment and vehicles totaling \$594,775, net of accumulated depreciation of \$540,906, are recorded under the capital lease. This year, \$139,064 was included in depreciation expense.

Capital assets for the energy lease totaled \$3,781,474 are included in construction in progress at year end.

The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments:

<u>Year Ending June 30,</u>	
2018	\$ 503,892
2019	495,479
2020	272,527
2021	281,164
2022	306,923
2023-2027	1,685,580
2028-2030	1,380,238
Less amount representing interest	<u>(823,626)</u>
Present value of minimum lease payments	<u>\$ 4,102,177</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

F. Changes in long-term obligations (continued)**4. Authorized/unissued bonds**

The amounts of authorized, unissued bonds are as follows:

General purpose	\$ 14,145,325
Schools	<u>9,578,623</u>
Total	<u>\$ 23,723,948</u>

5. Conduit debt

The Bethel Baseball Association was desirous of having lighting installed at the baseball field at Mitchell Park. The Association and the Town executed an agreement that has the Town purchase, finance and install the lighting, and the Association would be responsible for the lease payments related to the financing. The lease agreement is payable over a 10 year period due in August 2022. The cost of the equipment is \$130,500 with total financing costs over the 10 years of \$43,365. The agreement between the Association and Town requires the Association to pay the Town annual installments through 2022.

The outstanding balance of the capital lease was \$86,612. The Town has no obligation to pay the lease beyond the payment received from the lease payment received from the Association.

G. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$124,603.

H. Deficit fund balances

The Benentt Property funds had a deficit fund balance at year end of \$31,085

The deficit will be reduced or eliminated in future years as amounts are received for charges for services.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

I. Fund balance classifications

Fund balance components are as follows:

Fund Balance Component	General Fund	Bonded Projects	Capital Nonrecurring	Nonmajor Funds	Total
<u>Nonspendable:</u>					
Advance to other funds	\$ 30,185	\$ -	\$ -	\$ -	\$ 30,185
<u>Restricted:</u>					
Health and welfare:					
Small Cities grant	-	-	-	87,976	87,976
Health grants	-	-	-	38,948	38,948
Public safety:					
Police equipment	-	-	-	40,290	40,290
School lunch program	-	-	-	95,968	95,968
General government:					
Railroad station operations	-	-	-	330,211	330,211
Historic documents preservation	-	-	-	28,635	28,635
Total restricted	-	-	-	622,028	622,028
<u>Committed:</u>					
General government:					
Railroad station improvements	-	-	-	23,878	23,878
Planning and Zoning commission	-	-	-	74,847	74,847
Library operations	-	-	-	49,416	49,416
Education grant programs	-	-	-	921,296	921,296
Education (general)	576,092	-	-	-	576,092
Approved CNR projects	-	-	1,330,956	-	1,330,956
Total committed	576,092	-	1,330,956	1,069,437	2,976,485
<u>Assigned:</u>					
Future debt service payments	-	-	-	1,071,182	1,071,182
<u>Unassigned</u>					
	18,126,550	(8,724,261)	-	(31,085)	9,371,204
Total	\$ 18,732,827	\$ (8,724,261)	\$ 1,330,956	\$ 2,731,562	\$ 14,071,084

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

IV. Other information**A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior year.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for pharmacy claims and future Board of Education retiree medical claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Board of Education is charged premiums by the Internal Service Fund, which are included in expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

The claims liability reported in the Internal Service Fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

The following is a summary of changes in the claims liabilities:

<u>Fiscal year</u>	<u>Claims Payable July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2015-2016	\$ 55,200	\$ 980,839	\$ 967,639	\$68,400
2016-2017	68,400	(44,094)	24,306	-

B. Commitments and litigation

Amounts received or receivable from Federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans**1. Plan description****A. Plan administration**

The Town administers two single employer, contributory, defined benefit pension plans (Town of Bethel and Town of Bethel Police Department). The Town plan was adopted in 1968 and revised in 2000. The Police plan was established by a memorandum of understanding effective July 1, 1997. Town employees become eligible as of their date of hire and for employees hired after January 1, 2001, participation is mandatory. All full time police officers become eligible on their date of employment. The Pension Commission makes recommendations for plan provisions, which are approved by the Board of Selectman. Both plans are part of the Town's reporting entity and are included in the Town's financial report as two pension trust funds. The plans do not issue separate, stand alone financial reports.

Management of the plan is vested in the Board of Selectman.

B. Plan membership

As of July 1, 2016, the plans' membership consists of the following:

	<u>Town</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	105	14
Terminated employees entitled to benefits but not yet receiving them	13	2
Active plan members	<u>122</u>	<u>36</u>
Totals	<u><u>240</u></u>	<u><u>52</u></u>

2. Benefit provisionsTown

The plan provides retirement, disability and death benefits. Retirement benefits for the Town employees under the non-contributory formula are calculated as 2 percent of the member's average monthly earnings times the years of benefit service less 50% of the employee's social security benefit. Retirement benefits under the contributory formula are calculated as 2% of average monthly compensation multiplied by years of service (maximum of 35 years). Benefits are reduced by 20% when the participant attains social security retirement age. Town plan members with 5 years of service are eligible to retire at age 55 at a reduced benefit amount.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****C. Pension plans (continued)**

All plan members permanently and totally disabled for at least 5 consecutive months may qualify for disability benefits. Disability benefits will be equal to 50 percent of the member's average earnings determined at the date of disability less other payments which may be payable by reason of disability. Death benefits will be paid any time prior to the member's termination of employment.

A plan member who leaves Town service and has attained 10 years of service will be entitled to 100% of the accrued benefit deferred to normal retirement date.

Police

The plan provides retirement, disability, and death benefits. Retirement benefits for the Police are calculated as 2 percent of the average highest 5 years base compensation multiplied by years of credited service up to a maximum of 30 years credited service and is reduced by 30 percent of the amount calculated when the member attains his or her social security retirement age. For police plan members who have attained their early retirement date, the accrued benefit is payable immediately with a 6% per year reduction calculated from the earlier of the following dates: the date on which the member reaches age 55 with 10 years of service or the date on which the member would have completed 25 years of service. The benefit is reduced by 30 percent when the member reaches social security retirement age.

All plan members permanently and totally disabled for at least 182 continuous days following the date on which the member is unable to perform his or her own job may qualify for disability benefits. Disability payments shall cease after 24 consecutive months unless at that time the member is unable to perform any job or occupation for which he is suited by reason of his education or training. Disability benefits will be the lessor of 50 percent of the member's compensation, determined at the date of disability or \$24,000. Death benefits will be paid if a member was married on the date of death.

A plan member who leaves Police service after 10 years of service will be entitled to 100% of the accrued benefit, deferred to normal retirement date.

3. ContributionsTown

Employees hired on or after January 1, 2001 are required to make contributions of 4% of pay.

Police

Members are required to contribute 6.5% of base salary. Members with 30 or more years of service shall contribute 3.25% of base salary. Contributions cease after 30 years of contributions.

For each member hired before July 1, 1997, the Town shall contribute 8.5% of base salary. In addition, the Town shall contribute an actuarially determined amount.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

The Town's contributions are actuarially determined on an annual basis using the entry age normal method for the Town plan and the Police plan. The Town's contributions were 15.43% and 40.10% of covered payroll, respectively, for the Town and Police plans. Administration costs are financed from investment earnings.

4. Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Insurance and Pension Commission of the Town. It is the policy of the Town's Insurance and Pension Commission to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Commission's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60%
Fixed income	40%
Cash	<u>N/A</u>
Total	<u>100%</u>

5. Concentrations

There were no investments in any one organization that represents 5% or more of the pension plan's net position.

6. Rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.51% and 10.50% for the Town and Police plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)**7. Net pension liability**

The components of the net pension liability were as follows:

	<u>Town</u>	<u>Police</u>
Total pension liability	\$ 35,826,779	\$ 16,037,362
Plan fiduciary net position	<u>(29,965,798)</u>	<u>(10,786,042)</u>
Net pension liability	<u>\$ 5,860,981</u>	<u>\$ 5,251,320</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.64%</u>	<u>67.26%</u>

8. Actuarial assumptions

The total pension liability was determined as of July 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Town</u>	<u>Police</u>
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
Amortization method	Level percent, closed	Level percent, closed
Inflation	2.70%	2.70%
Salary increase	3.00%	4.00%, average
Investment rate of return	6.75%, net of pension plan investment expense, including inflation	6.75%, net of pension plan investment expense, including inflation
Mortality rates	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)**8. Actuarial assumptions (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	Town and Police Plans' <u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	2.66%
Broad U.S. Equities	5.15%

The total weighted average expected rate of return is 6.75% (excludes inflation).

9. Discount rate

The discount rate used to measure the total pension liability was 6.75% for the Town and Police Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)**10. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The changes in net pension liability for each plan for the fiscal year were as follows:

Town Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	\$ 31,810,462	\$ 27,152,011	\$ 4,658,451
Service cost	785,563	-	785,563
Interest	2,149,718	-	2,149,718
Change of benefit terms	2,396,107	-	2,396,107
Differences between expected and actual experience	206,471	-	206,471
Contributions - employer	-	1,200,000	(1,200,000)
Contributions - member	-	399,468	(399,468)
Net investment income	-	2,838,413	(2,838,413)
Benefit payments, including refunds of member contributions	(1,521,542)	(1,521,542)	-
Administration	-	(102,552)	102,552
Net change	4,016,317	2,813,787	1,202,530
Balance at June 30, 2017	\$ 35,826,779	\$ 29,965,798	\$ 5,860,981

Police	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	\$ 15,450,508	\$ 9,171,093	\$ 6,279,415
Service cost	484,820	-	484,820
Interest	1,058,018	-	1,058,018
Differences between expected and actual experience	(425,369)	-	(425,369)
Contributions - employer	-	1,021,720	(1,021,720)
Contributions - member	-	181,099	(181,099)
Net investment income	-	977,787	(977,787)
Benefit payments, including refunds of member contributions	(530,615)	(530,615)	-
Administration	-	(35,042)	35,042
Net change	586,854	1,614,949	(1,028,095)
Balance at June 30, 2017	\$ 16,037,362	\$ 10,786,042	\$ 5,251,320

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

C. Pension plans (continued)**11. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 6.75% for the Town and Police Plans as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
<u>Town</u>			
Net pension liability	\$ 10,074,099	\$ 5,860,981	\$ 2,505,561
<u>Police</u>			
Net pension liability	\$ 7,731,532	\$ 5,251,320	\$ 3,410,769

12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the fiscal year the Town recognized pension expense of \$2,511,933 for the Town Plan and \$(153,284) for the Police Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Town Plan</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 160,589	\$ 8,389
Net difference between projected and actual earnings on pension plan investments	937,115	-
Total	<u>\$ 1,097,704</u>	<u>\$ 8,389</u>
Net amount of deferred inflows and outflows		<u>\$ 1,089,315</u>
<u>Police</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 96,408	\$ 384,858
Net difference between projected and actual earnings on pension plan investments	287,459	-
Total	<u>\$ 383,867</u>	<u>\$ 384,858</u>
Net amount of deferred inflows and outflows		<u>\$ (991)</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 4.9 and 9.4 years for the Town and Police Plans, respectively.

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Town	Police
2018	\$ 507,383	\$ 112,438
2019	507,384	112,436
2020	253,304	47,536
2021	(178,756)	(94,883)
2022	-	(27,483)
Thereafter	-	(151,035)
Total	<u>\$ 1,089,315</u>	<u>\$ (991)</u>

13. Defined contribution retirement savings plan

As of July 1, 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the Town of Bethel Money Purchase Defined Contribution Plan administered by the Town. The Board of Selectmen has the authority to establish and amend the plan. At year end, there were 10 employees eligible to participate in the plan. The Town and employees are both required to contribute 5% of earnings. During the year, the Town recognized pension expense of \$37,964 and employee contributions totaled \$37,964.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in Town contributions and earnings over a 5 year period at 20% per year. Notwithstanding the foregoing, a participant will be 100% vested in employer contributions upon attaining normal retirement age, termination of the plan, the complete discontinuance of employer contributions, death of the participant and total and permanent disability of the participant.

The Town had no liability to the plan at fiscal year end.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)**14. Plan Statements**

Combining Statement of Fiduciary Net Position
Pension Trust Funds

	Town Pension Fund	Police Pension Fund	Total
<u>Assets</u>			
Investments:			
Equity mutual funds	\$ 4,243,745	\$ 1,488,895	\$ 5,732,640
Bond mutual funds	1,911,743	1,082,937	2,994,680
Certificates of deposit	531,017	597,786	1,128,803
Bank money market accounts	835,779	-	835,779
U.S. government obligations	4,584,572	1,572,009	6,156,581
Common stock	11,031,616	3,744,537	14,776,153
Corporate bonds	6,364,959	2,187,543	8,552,502
Total investments	29,503,431	10,673,707	40,177,138
Prepaid benefits and fees	395,445	129,257	524,702
Due from other funds	50,000	-	50,000
Total assets	29,948,876	10,802,964	40,751,840
<u>Liability</u>			
Due to (from) other funds	(16,922)	16,922	-
<u>Net Position</u>			
Restricted for pension benefits	\$ 29,965,798	\$ 10,786,042	\$ 40,751,840

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Combining Statement of Changes In Fiduciary Net Position
Pension Trust Funds

	Town Pension Fund	Police Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,200,000	\$ 1,021,720	\$ 2,221,720
Plan members	399,468	181,099	580,567
Total contributions	1,599,468	1,202,819	2,802,287
Investment income (loss):			
Change in fair value of investments	1,653,042	576,225	2,229,267
Interest and dividends	1,336,092	460,970	1,797,062
Total investment income (loss)	2,989,134	1,037,195	4,026,329
Less investment expenses	150,721	59,408	210,129
Net investment income (loss)	2,838,413	977,787	3,816,200
Total additions	4,437,881	2,180,606	6,618,487
Deductions:			
Benefits	1,521,542	530,615	2,052,157
Administration	102,552	35,042	137,594
Total deductions	1,624,094	565,657	2,189,751
Change in net position	2,813,787	1,614,949	4,428,736
Net position - July 1, 2016	27,152,011	9,171,093	36,323,104
Net position - June 30, 2017	\$ 29,965,798	\$ 10,786,042	\$ 40,751,840

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Pension plans - Connecticut State Teachers' Retirement System**1. Plan description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

2. Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

3. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017**

D. Pension plans - Connecticut State Teachers' Retirement System (continued)Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>78,075,252</u>
Total	<u><u>\$ 78,075,252</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At fiscal year end the Town has no proportionate share of the net pension liability.

For the fiscal year, the Town recognized pension expense and revenue of \$8,514,387 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Pension plans - Connecticut State Teachers' Retirement System (continued)

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2017****D. Pension plans - Connecticut State Teachers' Retirement System (continued)****6. Discount rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the net pension liability to changes in the discount rate

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement System Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

E. Other post-employment benefit plans**1. Plan description****A. Plan administration**

The Town administers a single-employer, post-retirement healthcare plan for the Town, Police and Board of Education, the Town of Bethel Other Post-Employment Benefit Plan ("OPEB"). The Town and Police plans provide medical, dental and life insurance benefits for eligible retirees and their spouses. The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand alone financial reports.

B. Benefit provisions

The Town and Police plans provide for medical, dental and life insurance benefits for all eligible Town and Police retirees and their spouses. The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

1. Plan description (continued)**C. Contributions**

The Board of Finance has the authority to determine contributions to the plan. The Town is currently funding benefits on a pay as you go basis. Plan members are not required to contribute to the plan.

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town, Police and Board of Education's total plan contribution was \$565,047.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

D. Employees Covered by Benefit Terms

As of July 1, 2015 for Town, Police and Board of Education, the plans' membership consisted of:

	<u>Town</u>	<u>Police</u>	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	16	9	17
Active plan members	74	33	266
Total	<u>90</u>	<u>42</u>	<u>283</u>

2. Actuarial methods and other inputs

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent
Remaining amortization period	22 years, closed

Actuarial assumptions:

Investment rate of return - all plans	4.00%
Healthcare inflation rate:	
Initial	5.40%
Ultimate	4.40%
Inflation rate	2.75%

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

2. Actuarial methods and other inputs (continued)

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

Effective July 1, 2015, there were assumption changes for the healthcare inflation rate which was revised from an initial rate of 7.7% to 5.4%, grading down to an ultimate inflation rate of 4.4%.

3. Funded status and funding progress

The funded status of the plan as of July 1, 2015 was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Projected Unit Credit	(A-B) Over (Under) Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
July 1, 2015	\$ -	\$17,236,557	\$(17,236,557)	0.0%	32,247,902	-53.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress ("RSI"), immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

4. Annual OPEB cost and net OPEB obligation (NOO)

The changes in the NOO were as follows:

Annual required contribution	\$ 1,717,717
Interest on net OPEB obligation	255,924
Adjustment to annual required contribution	<u>289,304</u>
Annual OPEB cost	1,684,335
Contributions made	<u>565,047</u>
Change in net OPEB obligation	1,119,288
Net OPEB obligation - July 1, 2016	<u>6,398,090</u>
Net OPEB obligation - June 30, 2017	<u><u>\$ 7,517,378</u></u>

5. Three year trend information

<u>Year Ending June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$1,684,336	33.55%	\$7,517,378
2016	1,732,041	33.26%	6,398,090
2015	1,626,523	30.48%	5,242,171

E. Fund Reclassifications

The Paramedic Intercept and Transfer Station Funds have been reclassified from nonmajor special revenue funds into the General Fund. As a result the General Fund July 1, 2016 fund balance decreased by \$1,074,068 and the other governmental funds fund balance increased by \$1,074,068.

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**Required
Supplementary
Information**

Town of Bethel, Connecticut

Town Plan

Required Supplementary Information
Last Four Years

Schedule of Changes in Net Pension Liability

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 785,563	\$ 822,302	\$ 824,737	\$ 1,132,089
Interest	2,149,718	2,063,282	1,958,065	829,900
Change of benefit terms	2,396,107	33	-	-
Differences between expected and actual experience	206,471	(14,173)	-	-
Benefit payments, including refunds of member contributions	(1,521,542)	(1,368,871)	(1,295,920)	(1,200,025)
Net change in total pension liability	4,016,317	1,502,573	1,486,882	761,964
Total pension liability - July 1	31,810,462	30,307,889	28,821,007	28,059,043
Total pension liability - June 30 (a)	\$ 35,826,779	\$ 31,810,462	\$ 30,307,889	\$ 28,821,007
Plan fiduciary net position:				
Contributions - employer	\$ 1,200,000	\$ 2,751,446	\$ 3,083,429	\$ 2,559,953
Contributions - member	399,468	341,395	285,418	307,290
Net investment income	2,838,413	(265,630)	369,456	1,941,532
Benefit payments, including refunds of member contributions	(1,521,542)	(1,368,871)	(1,295,920)	(1,200,025)
Administration	(102,552)	(44,388)	-	(39,913)
Net change in plan fiduciary net position	2,813,787	1,413,952	2,442,383	3,568,837
Plan fiduciary net position - July 1	27,152,011	25,738,059	23,295,676	19,726,839
Plan fiduciary net position - June 30 (b)	\$ 29,965,798	\$ 27,152,011	\$ 25,738,059	\$ 23,295,676
Net pension liability (asset) - June 30 (a)-(b)	\$ 5,860,981	\$ 4,658,451	\$ 4,569,830	\$ 5,525,331

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Police Plan

Required Supplementary Information
Last Four Years

Schedule of Changes in Net Pension Liability

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 484,820	\$ 506,137	\$ 476,144	\$ 473,342
Interest	1,058,018	998,784	918,850	280,634
Differences between expected and actual experience	(425,369)	122,464	-	-
Benefit payments, including refunds of member contributions	<u>(530,615)</u>	<u>(474,173)</u>	<u>(460,787)</u>	<u>(334,882)</u>
Net change in total pension liability	586,854	1,153,212	934,207	419,094
Total pension liability - July 1	<u>15,450,508</u>	<u>14,297,296</u>	<u>13,363,089</u>	<u>12,943,995</u>
Total pension liability - June 30 (a)	<u>\$ 16,037,362</u>	<u>\$ 15,450,508</u>	<u>\$ 14,297,296</u>	<u>\$ 13,363,089</u>
Plan fiduciary net position:				
Contributions - employer	\$ 1,021,720	\$ 513,000	\$ 472,000	\$ 375,000
Contributions - member	181,099	198,552	252,142	228,856
Net investment income	977,787	(91,082)	259,775	724,429
Benefit payments, including refunds of member contributions	<u>(530,615)</u>	<u>(474,173)</u>	<u>(460,787)</u>	<u>(334,882)</u>
Administration	<u>(35,042)</u>	<u>(24,922)</u>	-	<u>(14,881)</u>
Net change in plan fiduciary net position	1,614,949	121,375	523,130	978,522
Plan fiduciary net position - July 1	<u>9,171,093</u>	<u>9,049,718</u>	<u>8,526,588</u>	<u>7,548,066</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 10,786,042</u>	<u>\$ 9,171,093</u>	<u>\$ 9,049,718</u>	<u>\$ 8,526,588</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>	<u>\$ 4,836,501</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Town Plan

Required Supplementary Information
Last Four Years

Schedule of Net Pension Liability

	2017	2016	2015	2014
Total pension liability	\$ 35,826,779	\$ 31,810,462	\$ 30,307,889	\$ 28,821,007
Plan fiduciary net position	(29,965,798)	(27,152,011)	(25,738,059)	(23,295,676)
Net pension liability	\$ 5,860,981	\$ 4,658,451	\$ 4,569,830	\$ 5,525,331
Plan fiduciary net position as a percentage of the total pension liability	83.64%	85.36%	84.92%	80.83%
Covered payroll	\$ 7,775,861	\$ 7,607,181	\$ 7,607,181	\$ 7,739,426
Net pension liability as a percentage of covered payroll	75.37%	61.24%	60.07%	71.39%

Schedule of Investment Returns

	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	10.51%	(1.11%)	2.40%	9.61%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Police Plan

Required Supplementary Information
Last Four YearsSchedule of Net Pension Liability

	2017	2016	2015	2014
Total pension liability	\$ 16,037,362	\$ 15,450,508	\$ 14,297,296	\$ 13,363,089
Plan fiduciary net position	(10,786,042)	(9,171,093)	(9,049,718)	(8,526,588)
Net pension liability	\$ 5,251,320	\$ 6,279,415	\$ 5,247,578	\$ 4,836,501
Plan fiduciary net position as a percentage of the total pension liability	67.26%	59.36%	63.30%	63.81%
Covered payroll	\$ 2,547,952	\$ 2,407,527	\$ 2,407,527	\$ 2,337,955
Net pension liability as a percentage of covered payroll	206.10%	260.82%	217.97%	206.87%

Schedule of Investment Returns

	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	10.50%	(1.11%)	2.67%	9.40%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Town Plan

Required Supplementary Information
Last Ten Years

Schedule of Contributions

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 867,137	\$ 1,200,000	\$ 332,863	\$ 7,775,861	15.43%
2016	2,013,334	2,751,446	738,112	7,607,181	36.17%
2015	2,013,334	3,083,429	1,070,095	7,607,181	40.53%
2014	1,986,076	2,559,953	573,877	7,739,426	33.08%
2013	2,086,345	1,859,681	(226,664)	7,678,530	24.22%
2012	1,918,557	1,736,824	(181,733)	7,711,696	22.52%
2011	2,029,673	1,356,000	(673,673)	7,503,503	18.07%
2010	2,173,082	1,300,000	(873,082)	7,219,991	18.01%
2009	1,901,896	1,300,000	(601,896)	6,925,811	18.77%
2008	1,747,968	1,318,052	(429,916)	6,633,769	19.87%

Town of Bethel, Connecticut

Police Plan

Required Supplementary Information
Last Ten Years

Schedule of Contributions

Fiscal year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 753,358	\$ 1,021,720	\$ 268,362	\$ 2,547,952	40.10%
2016	612,450	513,000	(99,450)	2,407,527	21.31%
2015	612,450	472,000	(140,450)	2,407,527	19.61%
2014	593,686	375,000	(218,686)	2,337,955	16.04%
2013	579,931	340,319	(239,612)	2,337,478	14.56%
2012	566,342	385,084	(181,258)	2,357,269	16.34%
2011	621,153	369,028	(252,125)	2,180,272	16.93%
2010	600,090	255,777	(344,313)	2,242,755	11.40%
2009	415,392	235,628	(179,764)	2,116,480	11.13%
2008	395,519	200,659	(194,860)	1,983,690	10.12%

Town of Bethel, Connecticut

Town Plan

Notes to Required Supplementary Information
Last Four Years

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2015, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Remaining amortization period	20 years
Inflation	2.70%
Salary increases	3.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Town of Bethel, Connecticut

Police Plan

Notes to Required Supplementary Information
Last Four Years

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2015, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	20 years
Asset valuation method	Fair value
Inflation	2.70%
Salary increases	Graded by age
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Town of Bethel, Connecticut
Connecticut State Teachers' Retirement System

Required Supplementary Information
Last Three Years

Schedule of Proportionate Share of the Net Pension Liability

	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town	78,075,252	59,345,782	54,853,282
Total	\$ 78,075,252	\$ 59,345,782	\$ 54,853,282
Town's covered payroll	(2) N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.80%	59.50%	61.51%

Schedule of Contributions

	2017	2016	2015
Contractually required contribution	(1) \$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered payroll	(2) N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Connecticut State Teachers' Retirement System

Notes to Required Supplementary Information
Last Three Years

Changes of benefit terms	None
Change of assumptions	2016:
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25%.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
	9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.00%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

Town of Bethel, Connecticut
Other Post-Employment Benefit Plan
Required Supplementary Information
Last Three Valuations
Schedule of Funding Progress

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2015	\$ -	\$ 17,236,557	\$ (17,236,557)	0.0%	\$ 32,247,902	-(53.5)%
2013	-	16,998,514	(16,998,514)	0.0%	27,283,637	-(62.3)%
2011	-	14,518,598	(14,518,598)	0.0%	N/A	N/A

N/A - Not available.

Town of Bethel, Connecticut
Other Post-Employment Benefit Plan
Required Supplementary Information
Last Nine Years
Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2017	\$ 1,717,717	\$ 565,047	32.9%
2016	1,749,515	576,122	32.9%
2015	1,633,101	495,703	30.4%
2014	1,499,467	505,767	33.7%
2013	1,405,054	479,191	34.1%
2012	1,113,000	549,000	49.3%
2011	1,049,000	520,000	49.6%
2010	988,000	490,000	49.6%
2009	988,000	402,000	40.7%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Other Post-Employment Benefit Plan

Notes to Required Supplementary Information
Last Nine Years

Changes of benefit terms	2015: None
Changes of assumptions	2015: Healthcare inflation rate was revised from 7.7% to 5.4%, grading down to an ultimate inflation rate of 4.40%

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percent
Remaining amortization period	22 years, closed
Asset Valuation Method	Fair Value
Investment Rate of Return	4.00%
Healthcare inflation rate - Initial	5.40%
Healthcare inflation rate - Ultimate	4.40%
Inflation rate	2.75%

Appendix B-1

Form of Opinion of Bond Counsel - Bonds

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**FORM OF OPINION OF BOND COUNSEL
TOWN OF BETHEL, CONNECTICUT
\$20,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

November __, 2018

Town of Bethel
Clifford J. Hurgin Municipal Center
One School Street
Bethel, CT 06801

We have acted as Bond Counsel in connection with the issuance by the Town of Bethel (the “Town”), in the State of Connecticut, of its \$_____ General Obligation Bonds, Issue of 2018 (the “Bonds”) dated November __, 2018. In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Regulatory Agreement of the Town dated November __, 2018 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and

reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, for taxable years that began before January 1, 2018, with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in computing the federal alternative minimum tax liability. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated November __, 2018 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix B-2

Form of Opinion of Bond Counsel - Notes

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**FORM OF OPINION OF BOND COUNSEL
TOWN OF BETHEL, CONNECTICUT
\$13,825,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

November __, 2018

Town of Bethel
Clifford J. Hurgin Municipal Center
One School Street
Bethel, CT 06801

We have acted as Bond Counsel in connection with the issuance by the Town of Bethel (the “Town”), in the State of Connecticut, of its \$_____ General Obligation Bond Anticipation Notes (the “Notes”) dated November __, 2018 and maturing July 25, 2019. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated November __, 2018 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and

reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, for taxable years that began before January 1, 2018, with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in computing the federal alternative minimum tax liability. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated November __, 2018 and other offering material relating to the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C-1

Form of Continuing Disclosure Agreement for Bonds

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE TOWN OF BETHEL, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$20,000,000 Town of Bethel, Connecticut
General Obligation Bonds, Issue of 2018**

This Continuing Disclosure Agreement (“Agreement”) is made as of November __, 2018, by the Town of Bethel, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$20,000,000 General Obligation Bonds, Issue of 2018, dated November __, 2018 (the “Bonds”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated November __, 2018 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the

Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the

Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;
- (v)** adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi)** tender offers;
- (vii)** bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)** Bond defeasances; and
- (ix)** rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)** non-payment related defaults;
- (ii)** modifications to rights of Bondholders;
- (iii)** Bond calls;
- (iv)** release, substitution, or sale of property securing repayment of the Bonds;
- (v)** consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the

assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to

cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Clifford J. Hurgin Municipal Center, One School Street, Bethel, Connecticut 06801. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF BETHEL, CONNECTICUT

By: _____
Matthew S. Knickerbocker, First Selectman

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Appendix C-2

Form of Continuing Disclosure Agreement for Notes

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR NOTES
BY THE TOWN OF BETHEL, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$13,825,000 Town of Bethel, Connecticut
General Obligation Bond Anticipation Notes**

This Continuing Disclosure Agreement (“Agreement”) is made as of November __, 2018, by the Town of Bethel, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$13,825,000 General Obligation Bond Anticipation Notes, dated November __, 2018 (the “Notes”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated November __, 2018 prepared in connection with the issuance of the Notes.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Note defeasances; and

(ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Note holders;

(iii) Note calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 3. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial

information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Clifford J. Hurgin Municipal Center, One School Street, Bethel, Connecticut 06801. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF BETHEL, CONNECTICUT

By: _____
Matthew S. Knickerbocker, First Selectman

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Appendix D-1

Notice of Sale and Bid Form - Bonds

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NOTICE OF SALE

TOWN OF BETHEL, CONNECTICUT
\$20,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018
(the “Bonds”)

ELECTRONIC BIDS via **PARITY®** will be received by the **TOWN OF BETHEL, CONNECTICUT** (the “Town”) at the Clifford J. Hurgin Municipal Center, First Selectman’s Office, 1 School Street, Bethel, Connecticut 06801, until **11:30 A.M. (Eastern Time), TUESDAY**

NOVEMBER 6, 2018

(the “Bid Date”) for the purchase of all (but not less than all) of \$20,000,000 General Obligation Bonds, Issue of 2018, of the Town (the “Bonds”), when issued, at not less than par, which mature on November 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$1,000,000	2029	\$1,000,000
2020	\$1,000,000	2030	\$1,000,000
2021	\$1,000,000	2031	\$1,000,000
2022	\$1,000,000	2032	\$1,000,000
2023	\$1,000,000	2033	\$1,000,000
2024	\$1,000,000	2034	\$1,000,000
2025	\$1,000,000	2035	\$1,000,000
2026	\$1,000,000	2036	\$1,000,000
2027	\$1,000,000	2037	\$1,000,000
2028	\$1,000,000	2038	\$1,000,000

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on May 15, 2019 and semiannually thereafter on each November 15 and May 15 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated October 29, 2018.

Optional Redemption

The Bonds maturing on November 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after November 15, 2024, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

Redemption Period

Redemption Price

November 15, 2024 and thereafter

100%

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

Ratings

The Town has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. The assigned rating may be obtained from S&P or will be posted through the facilities of **PARITY**® prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Bonds which is dated October 29, 2018, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser 10 copies of the Official Statement at the Town’s expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Bonds or by the 7th business day after the day bids on the Bonds are received. If the Town’s municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**®, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Tuesday, November 6, 2018, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or

directions set forth in **PARITY**[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**[®], including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**[®] is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of **PARITY**[®], or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**[®], the use of **PARITY**[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Bid Requirements

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be

computed on the basis of twelve 30 day months and a 360 day year. No bid for less than par will be considered.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) The Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

In the event that the Competitive Sale Rule is not satisfied, the Town shall so advise the successful bidder in writing on the sale date. The Town may treat the first price at which 10% of a maturity of the Bonds (the “Actual Sale Rule”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The successful bidder shall advise the Town if any maturity of the Bonds satisfies the Actual Sale Rule as of the Bid Date.

Thereafter until the Actual Sale Rule has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the Town the prices at which the unsold Bonds of each maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the Actual Sale Rule has been satisfied for each maturity or until all Bonds of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public)

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B-1 to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to

the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of Town Officials relating to the accuracy and completeness of the Official Statement.

The Bonds **SHALL NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about November 15, 2018 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Phoenix Advisors, LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder or bidders. The Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

The right is reserved to reject any and all bids or proposals and to reject any bid or proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any bid or proposal.

Postponement; Change of Terms

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates

with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last day of October and April in each year, or the preceding business day if such last day is not a business day.)

Additional Information

For more information regarding the Bonds and the Town, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Barry Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 283-1110.

MATTHEW S. KNICKERBOCKER
First Selectman

ROBERT V. KOZLOWSKI
Comptroller

October 29, 2018

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Appendix D-2

Notice of Sale and Bid Form - Notes

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NOTICE OF SALE

**\$13,825,000
TOWN OF BETHEL, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY ONLY**

TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**® (as described herein) will be received by the **TOWN OF BETHEL**, Connecticut (the “Town”) at the Clifford J. Hurgin Municipal Center, First Selectman’s Office, 1 School Street, Bethel, Connecticut 06801, until **11:00 A.M. (Eastern Time), TUESDAY**,

NOVEMBER 6, 2018

for the purchase of \$13,825,000 Town of Bethel, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the Town’s municipal advisor (See “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**® (See “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated November 15, 2018 and will mature and be payable to the registered owner on July 25, 2019 as further described in the Preliminary Official Statement for the Notes dated October 29, 2018 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Notes. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement, dated October 29, 2018.

The Notes are NOT subject to redemption prior to maturity.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules

and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment (“Direct Placement Bidders”) may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder, if awarded the Notes, must execute a letter addressed to the Town acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

Ratings

The Town has applied to S&P Global Ratings (“S&P”) for a rating on the Notes. The assigned rating may be obtained from S&P or will be posted through the facilities of **PARITY**® prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Notes which is dated October 29, 2018, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser 10 copies of the Official Statement at the Town’s expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Notes or by the 7th business day after the day bids on the Notes are received. If the Town’s municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rate, ratings, yield or reoffering price, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Notes to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), notice of the occurrence of certain events with respect to the Notes within ten (10) business days

of such event. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of **PARITY**[®], or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**[®], the use of **PARITY**[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the telephone bidding process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Town, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Telephone Bidding Procedures

Telephone bids will be received until 11:00 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the Town's municipal advisor. All telephone bids must be made to (203) 283-1110 and be completed by 11:00 A.M. (Eastern Time) on Tuesday, November 6, 2018.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town by the time required. A bid received after the time specified, as determined in the Town's sole discretion, will not be reviewed or honored by the Town.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$25,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. However, such certificate may indicate that the winning bidder has purchased the Notes for its own account in a capacity other than as an Underwriter, and currently has no intent to reoffer the Notes for sale to the Public (as defined below). For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "Competitive Sale Rule") because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

In the event that the Competitive Sale Rule is not satisfied, the Town shall so advise the successful bidder in writing on the sale date. The Town may treat the first price at which 10% of the Notes (the "Actual Sale Rule") are sold to the Public as the issue price of the Notes. The successful bidder shall advise the Town if the Notes satisfy the Actual Sale Rule as of the date and time of the award of the Notes.

If the Competitive Sale Rule is not satisfied, then until the Actual Sale Rule is satisfied for the Notes, the winning bidder agrees to promptly report to the Town and Bond Counsel the prices at which the unsold Notes have been sold to the Public. This reporting obligation shall continue, whether or not the Closing Date has occurred, until the Actual Sale Rule is satisfied for the Notes.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder that the Actual Sales Rule has been satisfied as to the Notes, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder or such Underwriter that the Actual Sales Rule has been satisfied as to the Notes, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “*Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) “*Related Party*” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

Settlement of the Notes

The Notes will be available for delivery on or about November 15, 2018. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Phoenix Advisors, LLC to obtain CUSIP numbers for the Notes prior to delivery, and Phoenix Advisors, LLC will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder or bidders. The Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Notes will be certified by U. S. Bank National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Pullman & Comley LLC, Bond Counsel, Bridgeport and Hartford, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B-2 to the Official Statement. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement and an executed Continuing Disclosure Agreement.

In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Compliance Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Compliance Agreement.

The Notes **SHALL NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to the Notes.

Right to Reject Bids; Waiver

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Postponement; Change of Terms

The Town reserves the right to alter any terms of the Notes or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Additional Information

For more information regarding the Notes and the Town, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Barry Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 283-1110.

MATTHEW S. KNICKERBOCKER
First Selectman

ROBERT V. KOZLOWSKI
Comptroller

October 29, 2018

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