

Final Official Statement Dated July 10, 2019

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: See "Ratings" herein.

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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; the Notes are "qualified tax-exempt obligations"; interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on 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 Appendix B "Opinion of Bond Counsel and Tax Status" herein.)



Town of Glastonbury, Connecticut **\$1,710,000** **General Obligation Bond Anticipation Notes** **(Bank Qualified)**

Dated: July 25, 2019
Rate: 2.00%
Yield: 1.40%

Due: July 24, 2020
CUSIP:¹ 377298M84
Underwriter: Piper Jaffray & Co.

The Notes 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 July 2, 2019.

The Notes are not subject to redemption prior to maturity.

The Notes are issuable only as fully-registered notes, without coupons, and, when issued, will be registered in the name of Cede & Co., as noteowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes 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 Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Notes. See "Book-Entry-Only Transfer System" herein.

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

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

The Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about July 25, 2019.

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 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 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of 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 Notes.

No dealer, broker, salesman or other person has been authorized by the Town of Glastonbury, Connecticut (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 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 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 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 – "2018 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 opinion in Appendix B "Opinion of Bond Counsel and Tax Status" herein), and makes no representation that it has independently verified the same.

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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. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, July 10, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the Town Manager, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033.
Issuer:	Town of Glastonbury, Connecticut (the "Town").
Issue:	\$1,710,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	July 25, 2019.
Interest Due:	At maturity: July 24, 2020
Principal Due:	At maturity: July 24, 2020
Authorization and Purpose:	The Note proceeds will be used to provide funds for various general purpose projects.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town of Glastonbury, Connecticut, 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:	No application has been made for a rating on the Notes.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Status:	See Appendix B - "Opinion of Bond Counsel and Tax Status".
Bank Qualification:	The Notes <u>shall be</u> 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 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. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of 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 July 25, 2019. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Julie B. Twilley, Director of Finance and Administrative Services, Town of Glastonbury, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033. Telephone (860) 652-7587.

I. 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 Glastonbury, Connecticut (the "Town"), in connection with the issuance and sale of \$1,710,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Notes are being offered for sale at public bidding. A Notice of Sale dated July 2, 2019 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D 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 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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

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 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 Notes

The Notes will be dated July 25, 2019 and will be due and payable as to both principal and interest at maturity on July 24, 2020. 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 integral multiples 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.

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 Notes. The legal opinion for the Notes will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B "Opinion of Bond Counsel and Tax Status".

Authorization and Purpose

The Notes are issued pursuant to the General Statutes of Connecticut, as amended, and resolutions approved by the voters of the Town of Glastonbury.

Use of Proceeds

Project	Amount Authorized	This Issue:
		The Notes Due: 7/24/20
Land Acquisition - 2012	\$ 2,000,000	\$ 1,088,500
Land Acquisition - 2016	3,000,000	216,500
Library Renovation/Expansion..	6,500,000	405,000
Total	\$ 11,500,000	\$ 1,710,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered 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. One fully-registered Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all 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 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 Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 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 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 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 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, 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, 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 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 Notes

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

Security and Remedies

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 Notes when due. Unless paid from other sources, the Notes are payable from

general property tax revenues. The Town has the power under Connecticut 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 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 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 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 the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and 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 Notes shall 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 Notes.

Availability of Continuing Disclosure Information

The Town of Glastonbury prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the forms attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes not in excess of 10 business days of the occurrence of such events. The winning bidders' obligation to purchase the Notes shall be conditioned upon it receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

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 and notices of material events pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has not failed to meet any of its undertakings under such agreements.

Ratings

No application has been made for a rating on the Notes. The Town furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, 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 ratings 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, including the Notes.

The Town expects to furnish the rating agencies with certain information and materials that the agencies may request. However, the Town may issue short-term or other debt for which a rating is not requested.

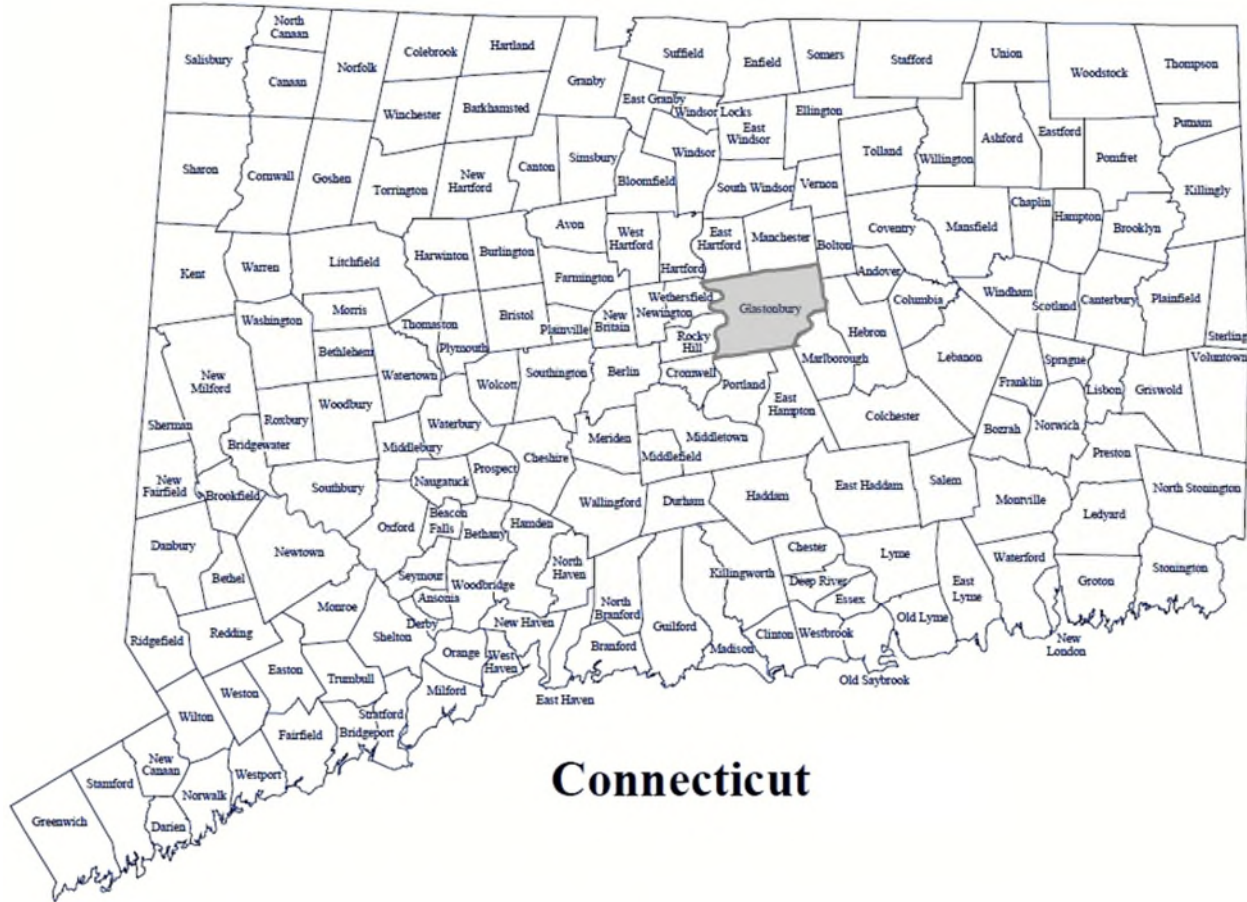
The Town received a "Aaa" rating from Moody's and "AAA" rating from S&P on the Town's most recent General Obligation Bonds, Issue of 2018, Series A.

Note Insurance

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

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II. The Issuer



Description of The Town

The Town of Glastonbury, incorporated as a Town in May of 1693, is located approximately eight miles southeast of Hartford and is bordered on the north by the Towns of East Hartford and Manchester, on the east by the Towns of Bolton and Hebron, on the south by the Towns of Marlborough, East Hampton and Portland, and on the west by the Towns of Cromwell, Rocky Hill and Wethersfield. Glastonbury is approximately 53 square miles in area with a population of 34,688 as of June 2018.

Glastonbury is strategically located adjacent to Connecticut Routes 2 and 3, both four-lane limited access highways providing direct access to interstate highways 84 and 91. Bradley International Airport is 20 miles northwest of the Town. Connecticut Transit provides bus service to and from Hartford and surrounding towns.

Glastonbury is a suburb of Hartford with a diverse development base and a rich history as a Connecticut River Valley town. Approximately 61% of the total land area is zoned for residential development, 12% for commercial and industrial development, and 27% is flood zone or open space.

Glastonbury provides a full range of services including: General Government, Community Development, Administrative Services, Public Safety, Physical Services, Sanitation, Human Services, Leisure/Culture and Education.

Glastonbury is located in a region with a diverse economic base. Its citizens' income is derived from major insurance firms, prime government contractors, commercial/industrial firms, retail and service industries.

Economic Development

The Town's economic base remains strong with private investments continuously being made through new development projects. In the Town Center, former commercial properties are being revitalized into new shopping and destination opportunities for the Town and the region. Commercial development at 2941 Main Street, the site of the former Pond House and Colonnade banquet facility, is still underway. When fully built-out, 2941 Main Street, along with its sister development at 2955 Main Street, will contain a total of 32,000 sf. of retail, restaurant, office, and personal service uses. Heading south on Main Street, construction has started on a new Edge Fitness that will be located behind the existing Chili's restaurant. This facility will contain a total of 30,000 sf. with an 8,000 sf. mezzanine. Also, a proposal for a new restaurant on Main Street is under review and nearing the end of the land use approval process.

Naubuc Avenue has experienced economic growth as well. Construction is in progress to develop 10 townhomes at 25 Naubuc Avenue. Two additional 3,000 sq. ft. medical office buildings were recently approved at the intersection of Naubuc Avenue and Putnam Boulevard. Land clearing has begun at this location. Not too far away from this location, in the Somerset Square area, there is a proposal for a new 131 room hotel that is working its way through the approval process.

The Hebron Avenue area has also been very active in terms of new development. Construction is underway at the intersection of Sycamore Street and Hebron Avenue. This revitalization effort will consist of approximately 19,000 sf. of retail, office and restaurant use. Down the street from this development on Sycamore Street, a 4,000 sf. medical office building will also be developed. In addition, plans are in the works for new development on Hebron Avenue around the Town's newly constructed roundabouts. There is a plan for a three-story mixed use building at 311 Hebron Avenue. This building will contain retail/restaurant and office uses with residential on the second and third floors. Gottfried and Somberg also have plans in the works to redevelop their location at the corner of Sycamore Street and Linden Street to construct a new office building of 10,000 sf.

Growth is happening in the industrial sector as well on Sequin Drive. A new 10,000 sf. building was just completed at 80 Sequin Drive. A new 7,500 sf. building just received land use approvals adjacent to this development at 108 Sequin Drive.

Glastonbury's market for daycare centers is also growing. In 2018, Educational Playcare opened its doors at 1193 Hebron Avenue. Educational Playcare is the site of the former Aloha Daycare. Educational Playcare is already looking to expand its operations to 1199 Hebron Avenue where it plans to renovate an existing church into the second phase of its daycare center. Another 10,000 sf. daycare facility has also been approved on Oak Street across from the Stop and Shop supermarket center.

This year, the Town looks forward to see the opening of its first farm brewery operation off Dug Road where hops will be grown, brewed and sold on site. An existing winery in Town has also received an approval to expand its operations to include a brewery as well.

Long Range Financial Planning

Glastonbury has been highly successful in the use of its Capital Improvement Program to maintain the Town's infrastructure and make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents. In addition, a medical office is under construction on Eastern Boulevard.

The Town's annual Capital Improvement Program (CIP) results in a five-year plan of acquisition, new construction, and repair and replacement of municipal facilities and equipment. The Program consists of a planning process and budgetary process. Requests are prepared by Town Departments, Boards and Commissions, and are submitted to the Town Council in a five-year planning document prepared by the Town Manager and presented to the Town Council and Board of Finance by February 1 of each year. This document sets forth in priority order the suggested implementation of projects based on the needs of the community. Both boards complete their reviews and recommendations in mid-March as part of the annual budget process.

The Town's Capital Improvement Program policy outlines the purpose of the program to identify future capital needs over a multi-year period and recommends the means to finance them. The Town currently maintains a Capital Reserve that funds many of the capital and nonrecurring items on a cash basis. Other sources of funding include grants, donations and long-term financing, if authorized by the voters.

In addition to identifying the type of capital items to be included in the capital program, the Town Council also sets the goals and limits with regard to reserves and authorizations. This policy, the Capital Improvement Program Criteria, reviewed annually and modified as needed by the Town Council, sets forth the following goals and guidelines:

- Establishes a goal of maintaining an available balance in the Capital Reserve of \$1,000,000, except as needed to meet emergencies;
- Requires the Town Manager to develop a financing plan for recommended projects that includes the source of funding and, as applicable, debt service projections and the mill rate impact of issued debt for the projects;
- Sets the referendum threshold for cash-funded projects that exceed 2% of the Town's current adopted Town, Education, and Debt Transfer budget, rounded to the next highest \$50,000; and,
- Provides funding for capital improvements when public referendum is not practical or in the best interests of the community. This would include:
 - Exigent circumstances affecting the health or safety of the community;
 - Grant funding and donations which reduce the net project cost below the threshold;
 - Care and maintenance of Town buildings and infrastructure; and,
 - Projects of a recurring nature that may be funded on an annual basis for which cumulative funding could exceed the threshold.

Glastonbury is well known for its successful land acquisition and preservation program. The program is funded through appropriations and bond authorizations approved at referendum. Since 1988, \$29 million has been approved at referendum for land acquisition and preservation. Through this program, the Town has acquired approximately 1,650 acres, of which over 90% is currently allocated to open space, outdoor recreation, natural resource preservation, agriculture, historic preservation, river access and similar uses. A number of acquisitions were purchased with funding assistance from the State of Connecticut and The Nature Conservancy. At June 30, 2018, the Town had a balance of approximately \$8.2 million available for future land purchases, of which \$5.0 is encumbered for the potential purchase of land, of up to 719 +/- acres, from the Metropolitan District. The Town currently has agreements in place to purchase 700+ acres of open space land for \$15 million of which \$10 million will be funded through a State grant, with the Town responsible for the balance.

The Town continues the practice of funding many projects, new and ongoing, from cash resources to minimize the issuance of debt to finance projects. The capital transfer from the General Fund to the Capital Reserve Fund in the 2018-19 fiscal year was \$5,750,000 and for the 2019-20 fiscal year will be \$6,000,000.

For the 2018-19 fiscal year, the Town Council appropriated a total of \$6.3 million for current year funding through the annual appropriation to the Capital Reserve, Sewer Sinking funds and grants. Some major projects approved for funding include bridge replacement, improvements to Town roads, sidewalks and Town infrastructure, air conditioning for school buildings, energy efficiency projects, and various other building improvements. In addition to the \$5.75 million funding from the General Fund, the Capital Improvement Plan program takes advantage of significant grant resources as applicable.

The Town continues to evaluate proposals for purchase and development of the remaining two parcels, approximately 11 acres, of the town-owned Gateway Corporate area. This process will focus on a number of factors including purchase price, demand for public services, ongoing net tax benefits, and long-term viability of concepts.

Form of Government

In 1959, Glastonbury adopted the Town Council/Town Manager form of government. The Town Council is made up of nine bipartisan members who are elected every two years by the registered voters in Town. There is a requirement that the minority party have at least three members serving on the Town Council at all times. The Town Council is responsible for adopting all of the laws and policies necessary for Town government to operate and also makes appointments to Boards and Commissions as applicable.

The Town Manager is appointed by the Town Council and is the Chief Executive Officer. The Town Manager ensures that the laws and policies adopted by the Town Council are carried out and oversees the day-to-day operations of the town. The Town Manager also hires all employees, excluding the Board of Education staff.

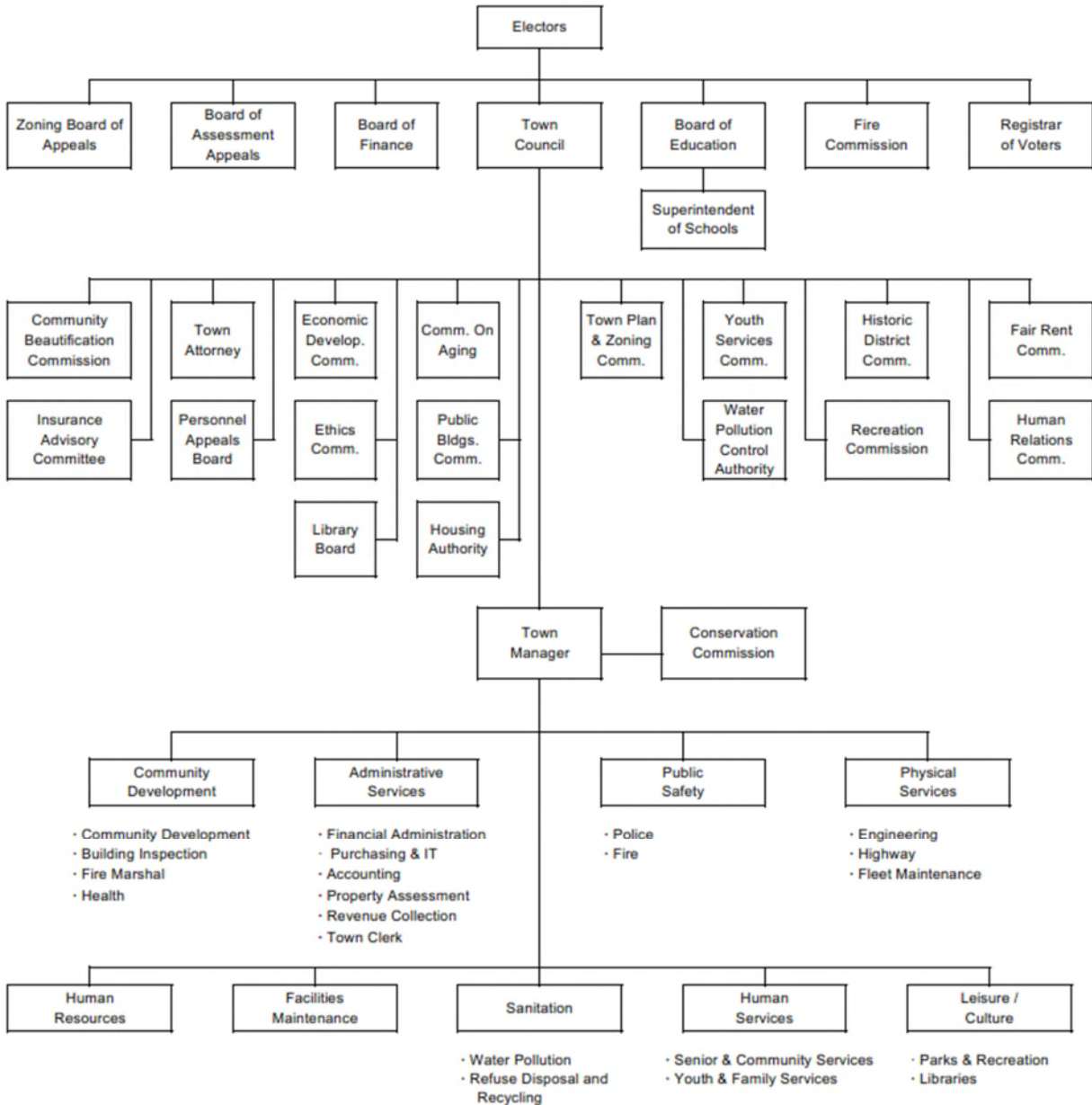
In addition to the Town Council, there is a Board of Finance that is comprised of six bipartisan members who are elected by the registered voters in Town. The major function of the Board of Finance is to act as an advisory

board to the Town Council by making recommendations regarding the annual budgets submitted by the Town Manager and the Board of Education. This Board also has the direct authority to set the annual property tax mill rate based on the final budget total approved by the Town Council.

In addition to the Town Council and the Board of Finance, the following boards are also elected by the registered voters in town: Board of Assessment Appeals, Board of Education, Board of Fire Commissioners and Zoning Board of Appeals.

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Organizational Chart



Principal Town Officials

Office	Name	Manner of Selection/Term	Years of Service	Principal Employment Last Five Years
Town Council Chairperson.....	Thomas P. Gullotta	Elected	7 years ¹	Retired
Board of Finance Chairperson.....	Constantine Constantine	Elected	35 years	Attorney
Town Manager.....	Richard J. Johnson	Appointed	39 years	Town Manager
Director of Finance and Administrative Services.....	Julie Twilley	Appointed	1 year	CFO for Operation/FP&A (Travelers /The Hartford)
Chief of Police.....	Marshall Porter	Appointed	1 year	Farmington Police Department (Captain)
Superintendent of Schools.....	Alan B. Bookman	Appointed	36 years	Superintendent
Community Development Director.....	Khara Dodds	Appointed	4 years	Director of Planning (City of Hartford)
Building Official.....	Peter Carey	Appointed	33 years	Deputy Building Official
Manager of Physical Services.....	Daniel A. Pennington	Appointed	24 years	Town Engineer

¹ Chairperson from 2017 to present.

Source: Town of Glastonbury

Summary of Municipal Services

General Government: General Government functions include the Chief Executive as the Town Manager and various core administrative staff including the Human Resources Department. These offices encompass six full-time employees.

Facilities Maintenance: The Facilities Maintenance Division is also a division within General Government. The division is comprised of twelve employees whose responsibility is concentrated on preventative maintenance and energy conservation. They maintain thirty facilities, excluding education facilities. The Division is supervised by a Building Superintendent with direct input into the management of both Town and Education facilities. The Division also oversees all building construction projects, including renovation and construction of schools.

Community Development: This department includes Community Development, Building Inspection, Fire Marshal and Health division services with a total of fifteen full-time employees.

Administrative Services: This department includes Financial Administration which includes Purchasing and Information Technology, Accounting, Property Assessment, Revenue Collection and the Town Clerk. There is a total of twenty-six full-time employees within Administrative Services.

Police: The Police Department, with authorized personnel of seventy-nine full-time employees, is divided into three divisions: Support Services (twenty-one employees, including twelve Public Safety Dispatchers), Criminal Investigations (sixteen employees) and Patrol (thirty-nine employees). In addition, the Police Department has three Administrative staff. A part-time group, comprised of up to sixteen unarmed Community Service Officers (CSO's), performs traffic, crowd control and limited patrol duties. Three additional part-time employees consist of two animal control officers and one alarm administrator.

The department was the first police agency in the State to be nationally accredited by the Commission on Accreditation for Law Enforcement Agencies, Inc. It was reaccredited for the ninth time in March 2016 and is up for reaccreditation in November 2019.

The police department maintains a fleet of thirty-eight vehicles and one boat. The department provides dispatch services for the Glastonbury Fire Department, the Glastonbury EMS (formerly the Glastonbury Volunteer Ambulance Association), as well as police, fire, and EMS dispatch services for the Town of East Hampton.

Fire Department: The Town of Glastonbury has a volunteer Fire Department with four companies made up of a cross section of citizens within the community. The general taxpayers, through the operating budget administered by the Town Manager, fund the department for equipment, building maintenance and replacement. The part-time Fire Chief reports directly to the Town Manager. The Fire Chief acts as a liaison to the Fire Commission. A Board of Fire Commissioners is responsible for all policy decisions.

Physical Services: The Physical Services Department employs thirty-nine full-time employees. Their activities for the Town include the areas of Engineering, Highway and Fleet Maintenance.

The Engineering Division handles the engineering review and inspection of development driven public improvement work within the community as well as the design of municipal construction and maintenance projects. Highway Division functions encompass road paving, traffic control, street lighting program, snow removal and storm drainage. Within the 52.5 square miles, there are approximately 200 miles of roads. The Fleet Maintenance Division is responsible for repairs and preventative maintenance for about 263 Town and 93 Board of Education cars, trucks, buses and heavy equipment units being used by the various Town Departments. Historically, this division was responsible for maintaining the Department of Education's school buses, but since 2009, this service has been subcontracted and administered by this Division.

Water Pollution Control and Solid Waste Management: The Sanitation Department includes the Water Pollution Control Division, which is supported by sewer user fees and operates one 3.64+/- MGD Secondary Sewage Treatment Plant and eight pump stations. The Water Pollution Control Division staff includes nine full-time employees.

The Refuse Disposal Division staff includes two full-time employees who are supported by part-time employees who operate the transfer station and bulky waste sites. The Refuse Disposal Division operates a refuse transfer station which transports an average of 1,650 tons of refuse per year to the Connecticut Solid Waste System (CSWS) plant in Hartford, with the balance of approximately 17,500 tons transported by private trash haulers. The Town pays tipping

fees for waste generated at the transfer station; private contracted haulers assume payment responsibilities directly to the Materials Innovation and Recycling Authority (MIRA) for their share of solid waste transported to the facility.

Service Contract - Solid Waste Disposal: The Town has joined the Central Connecticut Solid Waste Authority (“CCSWA”), a regional resource recovery authority established to manage solid waste and recycling services on behalf of its member municipalities. Through the CCSWA, the Town has executed a service contract (the “Service Contract”) with MIRA for the disposal of solid waste and recyclables through the CSWS. The Service Contract is effective for fifteen years commencing on November 16, 2012 through June 30, 2027. The Service Contract calls for the Town to cause to be delivered to the CSWS all acceptable solid waste and acceptable recyclables generated within its corporate boundaries. As of April 1, 2019, the tipping fee is \$81.35/ton and will be in effect through June 30, 2019. The tipping fee increases to \$83/ton on July 1, 2019. At the same time, ongoing efforts to increase recycling and composting have decreased annual municipal solid waste tonnage, to somewhat offset the impact of the increased rates. The Town retains the responsibility for the collection, disposal and treatment of solid waste which does not meet the requirements of or which MIRA refuses or is unable to accept under the Service Contract.

The Town has pledged its full faith and credit for the payment of all payments due under the Service Contract. There are no minimum or maximum delivery tonnage caps. However, to the extent that a municipality does not make its payments required under the Service Contract to MIRA, the remaining municipalities, including the Town, are obligated to make such payments.

The Town’s former sanitary landfill was closed in 1984 in compliance with Federal and State environmental requirements. A mandatory recycling of waste products has been in place since 1991 and the Town recycles approximately 30-35% of the total waste stream.

Welles-Turner Memorial Library: The Welles-Turner Memorial Library, staffed by ten full-time and twenty-two part-time employees, provides traditional and modern library resources for public use including access to books and media for recreational use, as well as a large non-fiction collection for research and informational purposes. The Library maintains a comprehensive reference collection staffed by professional librarians who provide service in person, by telephone, by mail and by e-mail. The Library has a comprehensive children’s/youth program that includes story times, summer reading programs and other special events for children and teens. The Library has computers for public use, including Internet access, Wi-Fi, and 3D printing capabilities. In addition, study rooms and collaborative meeting spaces are available for use.

In November 2018, voters approved \$6.5 Million to renovate and expand the library. After considering pledges and grants, the estimated net cost to taxpayers will be \$4.4 Million. In addition to reconfiguring the current area to better accommodate 21st Century library activities, this project also adds approximately 3,700 square feet of new space. This new space will include more space for children’s activities, a dedicated makerspace for all ages and additional public spaces.

Parks and Recreation: The Parks and Recreation Division is responsible for organization and administration of all Town sponsored recreation activities and facilities, including the care and maintenance of all Town parks, open space, municipal grounds, school grounds, athletic fields, boat launch, ponds, swimming pools, playgrounds, street trees and cemeteries. Approximately 2,000 acres of grounds, parks, open space and recreation facilities are maintained by a staff of twenty-three full-time employees assisted by numerous part-time and seasonal help. Over 100 recreation activities are sponsored annually, reflecting approximately 80,000 in program registrations and facility reservations. In addition, this division operates a public boat launch on the Connecticut River and a banquet facility at the Glastonbury Boathouse in Riverfront Park.

Youth and Family Services: The Youth and Family Services Department works primarily with the Town’s youth and their families. The Department has a full-time staff of eleven which includes professional and clinical social workers who work closely with the school department and provide counseling services to the youth. They also provide crisis intervention services and focus a great deal on positive youth development activities under the direction of the Department’s Creative Experience Director. Substance abuse prevention services are also provided by this department.

Senior & Community Services: The Senior & Community Services Department, with a staff of six full-time employees, administers the Riverfront Community Center and provides a variety of activities and services to the Town’s elderly population. Dial-a-Ride transportation, senior center programming, nutritional lunch program, information and referral services, case management, and home visits are examples of the programs and services provided. This department also provides aid to families and individuals who lack or have insufficient resources to

meet the needs of daily living and/or necessary medical treatment and hospitalization. Services also include crisis intervention and advocacy for the elderly and/or residents with special needs, and assistance in finding solutions to personal, family and financial social problems. The Senior Center is accredited by the National Institute of Senior Centers, and is accepted as a member of the AARP Network of Age-Friendly Communities.

Town Employees

	2019	2018	2017	2016	2015
General Government.....	239	243	241	241	241
Board of Education.....	776	786	802	810	814
Total.....	1,015	1,029	1,043	1,051	1,055

Source: Town of Glastonbury

Municipal Employees' Bargaining Units

General Government	Positions Covered	Current Contract Expiration Date
Glastonbury Police Officers Association, Inc. (GPOA).....	69	6/30/2021
International Union of Operating Engineers (IUOE).....	43	6/30/2021 ¹
Water Pollution/Facilities Maintenance, (AFSCME).....	17	6/30/2021
Total Unionized General Government Employees.....	129	
Board of Education Groups		
Glastonbury Education Association.....	477	6/30/2021
Glastonbury School Administrators Association.....	36	6/30/2022
Custodians/Maintenance/General Personnel CILU.....	77	6/30/2022
Nurses (AFSCME).....	13	6/30/2021
Secretaries/Paraprofessionals (AFSCME).....	114	6/30/2021
Part-Time Paraprofessional (AFSCME).....	136	6/30/2022
Total Unionized Board of Education Employees.....	853	
Total Employees.....	982	

¹ In negotiations.

Source: Town of Glastonbury

Binding Arbitration

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for 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 municipality may reject the 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. For binding arbitration of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any items subject to arbitration. In 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 wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational Services

The Town's school system services grades kindergarten through twelve, and the Eastbury Program provides Pre K through Post Grad services. The school system is governed by the local Board of Education. Glastonbury has an eight-member Board of Education elected to four-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests, submission, ensuring funds for education as appropriated by the Town are effectively expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has eight schools for grades kindergarten through twelve. School enrollment as of October 1, 2018 was 5,880, including 98 in the Eastbury Program. The rated capacity of the system facilities is 7,407.

School Enrollment

<i>Historical</i>					
<i>School Year</i>	<i>Pre-K-6</i>	<i>7 - 8</i>	<i>9 - 12</i>	<i>Out of District</i>	<i>Total</i>
2010-2011	3,526	1,088	2,210	44	6,868
2011-2012	3,526	1,088	2,210	44	6,868
2012-2013	3,314	1,025	2,232	47	6,618
2013-2014	3,177	1,035	2,173	33	6,418
2014-2015	3,033	1,034	2,064	38	6,169
2015-2016	2,935	1,044	2,058	43	6,080
2016-2017	2,928	1,019	2,019	42	6,008
2017-2018	2,883	994	2,026	35	5,938
2018-2019	2,817	951	2,014	38	5,820
<i>Projected</i>					
<i>School Year</i>	<i>K-6</i>	<i>7 - 8</i>	<i>9 - 12</i>	<i>Out of District</i>	<i>Total</i>
2019-2020	2,792	941	1,990	NA	5,723
2020-2021	2,786	936	1,952	NA	5,674
2021-2022	2,813	898	1,908	NA	5,619
2022-2023	2,851	871	1,860	NA	5,582
2023-2024	2,877	886	1,811	NA	5,574

Source: Town of Glastonbury, Board of Education

School Facilities

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Additions, Remodeling)</i>	<i>Number of Classrooms</i>	<i>10/1/2018 Enrollment</i>	<i>Rated Capacity</i>
Glastonbury High School..	9-12	1953, 1956, 1973, 1990, 1992, 2006	117	2,014	2,300
Gideon Welles School.....	6	1967, 2000	47	468	750
Smith Middle School.....	7-8	1999	82	951	1,100
Buttonball School.....	K-5	1955, 1960, 1996	29	483	556
Eastbury Program.....	Pre K-Post Grad	1949, 1964, 1996	21	98	402
Hebron Avenue School.....	K-5	1958, 1959, 1996	28	432	534
Hopewell School.....	K-5	1962, 1996	29	477	578
Naubuc School.....	K-5	1929, 1949, 1969, 1996	27	394	512
Nayaug School.....	K-5	2007	35	563	675
Total.....			415	5,880	7,407

Source: Town of Glastonbury, Board of Education

III. Economic and Demographic Information

Population and Density

Year	Population ¹	% Increase	Density ²
		(Decrease)	
2017 ³	34,688	0.8%	660.7
2010	34,427	8.0%	655.8
2000	31,876	14.2%	607.2
1990	27,901	14.7%	531.4
1980	24,327	17.8%	463.4
1970	20,651	--	393.4

¹ 1970-2010, U.S. Department of Commerce, Bureau of Census

² Per square mile: 52.5 square miles

³ American Community Survey 2013-2017

Age Distribution of the Population

Age	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,228	3.5%	186,188	5.2%
5 to 9 years	2,194	6.3	206,536	5.7
10 to 14 years	2,952	8.5	225,831	6.3
15 to 19 years	2,260	6.5	249,777	6.9
20 to 24 years	1,444	4.2	245,849	6.8
25 to 34 years	2,533	7.3	439,239	12.2
35 to 44 years	4,421	12.7	433,401	12.1
45 to 54 years	6,194	17.9	535,611	14.9
55 to 59 years	2,968	8.6	266,501	7.4
60 to 64 years	2,663	7.7	229,788	6.4
65 to 74 years	3,320	9.6	318,515	8.9
75 to 84 years	1,712	4.9	167,133	4.6
85 years and over	799	2.3	90,109	2.5
Total.....	34,688	100.0%	3,594,478	100.0%
Median Age (Years) 2017.....	45.8		40.8	
Median Age (Years) 2010.....	42.7		40.0	

Source: American Community Survey 2013-2017

U.S. Department of Commerce, Bureau of Census, 2010.

Income Distribution

	Town of Glastonbury		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	121	1.3%	27,787	3.1%
\$10,000 to \$14,999.....	43	0.5	16,143	1.8
\$15,000 to \$24,999.....	135	1.4	41,072	4.6
\$25,000 to \$34,999.....	225	2.4	52,218	5.8
\$35,000 to \$49,999.....	493	5.3	82,371	9.2
\$50,000 to \$74,999.....	743	8.0	134,356	15.0
\$75,000 to \$99,999.....	1,147	12.3	122,244	13.6
\$100,000 to \$149,999...	2,229	23.9	186,352	20.8
\$150,000 to \$199,999...	1,546	16.6	100,359	11.2
\$200,000 or more.....	2,643	28.3	132,765	14.8
Total.....	9,325	100.0%	895,667	100.0%

Source: American Community Survey 2013-2017

Income Levels

	Town of Glastonbury	State of Connecticut
Per Capita Income, 2017.....	\$60,119	\$41,365
Per Capita Income, 2010.....	\$47,833	\$36,775
Median Family Income, 2017.....	\$135,791	\$93,800
Median Family Income, 2010.....	\$120,351	\$84,170

*Source: U.S. Department of Commerce, Bureau of Census, 2010
American Community Survey 2013-2017*

Educational Attainment Years of School Completed Age 25 and Over

	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	355	4.2%	104,623	4.4%
9th to 12th grade, no diploma.....	493	5.8	137,877	6.1
High School graduate (Inc. equivalency).....	3,787	26.7	673,582	27.5
Some college, no degree.....	3,251	18.1	422,535	17.8
Associate degree.....	1,813	8.7	188,481	7.4
Bachelor's degree.....	6,991	20.3	532,055	20.5
Graduate or professional degree.....	7,920	16.3	421,144	16.4
Total.....	24,610	100.0%	2,480,297	100.0%
Percent high school graduate or higher.....		96.6%		90.2%
Percent bachelor's degree or higher.....		60.6%		38.4%

Source: American Community Survey 2013-2017

Employment by Industry Employed Persons 16 Years and Over

Sector	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	46	0.3%	7,166	0.4%
Construction.....	797	4.5	104,122	5.8
Manufacturing.....	1,875	10.5	191,519	10.6
Wholesale trade.....	342	1.9	44,741	2.5
Retail trade.....	1,323	7.4	193,016	10.7
Transportation warehousing, and utilities....	542	3.0	68,926	3.8
Information.....	353	2.0	42,200	2.3
Finance, insurance, real estate, and leasing..	2,592	14.6	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	3,077	17.3	208,130	11.5
Education, health and social services.....	4,478	25.2	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	989	5.6	153,679	8.5
Other services (except public admin.).....	675	3.8	82,538	4.6
Public Administration.....	701	3.9	67,156	3.7
Total Labor Force, Employed.....	17,790	100.0%	1,805,086	100.0%

Source: American Community Survey 2013-2017

**Major Employers
As of June 2019**

Employer	Type of Business	Approximate Number of Employees
Town of Glastonbury.....	Municipal Government	1,000-4,999
Healthtrax Inc.	Health Clubs	1,000-4,999
Fiserv (previously Open Solutions).....	Data Processing	250-499
Home Depot.....	Home Centers	100-249
Monaco Ford.....	Automobile Dealer	100-249
Super Stop & Shop Supermarket, Oak Street...	Grocers-Retail	100-249
Whole Foods Market.....	Grocers-Retail	100-249
Amica Mutual Insurance Co.....	Insurance	100-249
Pinnacle Group Inc.....	Insurance	100-249
Smith Brothers Insurance LLC.....	Insurance	100-249
Topcoder Inc.....	Financing	100-249
J. Gilbert's Wood-Fired Steaks.....	Full-Service Restaurant	100-249
Big Fish Promotions.....	Marketing Consultants	100-249
Highway Safety Corp. Inc.....	Safety Consultants	100-249
Slam Collaborative.....	Architects	100-249
USI Consulting Group.....	Employee Benefit Consultants	100-249
TCA Consulting Group.....	Employment Contractors	100-249
Glastonbury Health Care Ctr.....	Convalescent Homes	100-249
Salmon Brook Nursing and Rehabilitation.....	Nursing & Convalescent Homes	100-249
Mystic Logistics Inc.....	Transportation Services	100-249

Source: Telephone Survey of Employers

Source: Connecticut Department of Labor and Connecticut Economic Resources Center, Inc.

**Employment Data
By Place of Residence**

Period	Town of Glastonbury		Percentage Unemployed		
	Employed	Unemployed	Town of Glastonbury	Hartford Labor Market	State of Connecticut
April 2019	18,586	447	2.3	3.4	3.3
Annual Average					
2018.....	18,585	539	2.8	4.1	4.1
2017.....	18,409	621	3.3	4.8	4.7
2016.....	18,229	683	3.6	5.3	5.3
2015.....	18,196	710	3.8	5.6	5.6
2014.....	17,979	849	4.5	6.7	6.7
2013.....	17,621	985	5.3	7.9	7.9
2012.....	17,580	1,027	5.5	8.4	8.3
2011.....	17,904	1,109	5.8	8.9	8.8
2010.....	17,757	1,245	6.6	9.1	9.0
2009.....	17,426	1,071	5.8	8.3	8.2

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	Town of Glastonbury		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,543	11.0%	338,011	22.4%
1940 to 1969.....	3,826	27.2	535,477	35.5
1970 to 1979.....	2,827	20.1	200,217	13.3
1980 to 1989.....	2,497	17.8	191,939	12.7
1990 to 1999.....	2,144	15.3	114,261	7.6
2000 or 2009.....	1,050	7.5	105,131	7.0
2010 or later.....	158	1.1	22,675	1.5
Total Housing Units	14,045	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Housing Inventory

Housing Units	Town of Glastonbury		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	10,127	72.1%	892,621	59.2%
1-unit, attached.....	1,312	9.3	81,393	5.4
2 units.....	587	4.2	123,040	8.2
3 or 4 units.....	697	5.0	130,914	8.7
5 to 9 units.....	365	2.6	82,787	5.5
10 to 19 units.....	179	1.3	56,540	3.8
20 or more units.....	763	5.4	128,477	8.5
Mobile home.....	-	-	11,564	0.8
Boat, RV, van, etc.....	15	0.1	375	0.0
Total Inventory.....	14,045	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	200	1.8%	24,038	2.7%
\$50,000 to \$99,999.....	96	0.9	29,789	3.3
\$100,000 to \$149,999.....	384	3.5	83,320	9.2
\$150,000 to \$199,999.....	922	8.5	141,024	15.6
\$200,000 to \$299,999.....	2,609	23.9	244,356	26.9
\$300,000 to \$499,999.....	4,353	39.9	236,671	26.1
\$500,000 to \$999,999.....	2172	19.9	106,192	11.7
\$1,000,000 or more.....	167	1.5	41,408	4.6
Total.....	10,903	100.0%	906,798	100.0%

Median Value..... \$344,100 \$270,100

Source: American Community Survey 2013-2017

Building Permits

The following schedule of building permits and their estimated values (in thousands) over the last ten years:

<i>Fiscal Year</i>	<i>Residential</i>		<i>Comm./Industrial</i>		<i>Other</i>		<i>Total</i>	
	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>
2019 ¹	30	\$ 8,613	23	\$ 3,242	1,461	\$ 10,801	1,514	\$ 22,656
2018	9	2,322	16	3,603	1,094	5,938	1,119	11,863
2017	40	11,240	26	2,277	1,207	7,668	1,273	21,185
2016	42	12,258	17	1,409	1,047	4,840	1,106	18,507
2015	30	7,860	13	932	1,101	3,443	1,144	12,235
2014	25	6,859	24	3,281	1,032	3,362	1,081	13,502
2013	34	9,473	63	20,845	850	10,707	947	41,025
2012	47	10,215	93	6,853	1,105	13,211	1,245	30,279
2011	44	9,498	45	5,270	672	9,047	761	23,815
2010	43	11,550	132	14,620	727	10,869	902	37,039

¹ As of May 15, 2019.

Source: Town of Glastonbury, Building Official

Land Use Summary

<i>Land Use Category</i>	<i>Total Area</i>		<i>Developed</i>		<i>Undeveloped</i>	
	<i>Acres</i>	<i>Percent</i>	<i>Acres</i>	<i>Percent</i>	<i>Acres</i>	<i>Percent</i>
Residential	20,350	60.6%	13,215	39.3%	7,135	21.2%
Commercial/Industrial	4,150	12.4%	4,012	11.9%	138	0.4%
Open Space	9,100	27.1%	-	0.0%	9,100	27.1%
Total	33,600	100.0%	17,227	51.3%	16,373	48.7%

Source: Town of Glastonbury, Community Development

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IV. Tax Base Data

Property Tax – Assessments

The Town of Glastonbury conducted a general property revaluation effective October 1, 2017. Under Section 12-62 of the Connecticut General Statutes, the Town performs a revaluation every five years and the Assessor must fully analyze the market sales from the 18 months prior to the October revaluation date. This includes both physical inspections and data-mailers (to verify property characteristics of parcels not visited). Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of Glastonbury for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable and non-taxable real and personal property and motor vehicles located within the Town on October 1. The Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated fair market value at the time of the last general revaluation, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

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. A physical inspection is then completed and the structure is classified and priced from a schedule developed at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at a fair market value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually.

Motor vehicle lists are furnished to the Town by the Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town of Glastonbury. 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 Grand 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 vehicle uses the same plates and replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

Motor Vehicle Property Tax Cap: Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. 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 town or city 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 fiscal year ending June 30, 2020 is 36.36 mills.

For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

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 two installments on July 1 and January 1. Real estate and personal property taxes of less than \$100 are due in full in July. Motor vehicle taxes are payable in full, regardless of amount, on July 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor corrections, is provided by adjusting the Grand List downward when setting the property tax mill rate for 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 monthly, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened 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 two years at which time they cease to be carried as receivables.

A 2006 statute permits a municipality, upon approval of its legislative body, to defer the real property taxes due for certain low income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of the total tax relief granted plus interest. The Town currently supplements such tax relief also based on resident's income.

In addition, the Town has tax relief programs for farm buildings and public safety volunteers.

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List (000s)	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List (000s)	Percent Growth
		Real Property (%)				(000s)		
2018	71.6	16.7	4.3	7.4	\$ 4,248,773	\$ 23,714	\$ 4,225,059	1.1%
2017 ¹	71.7	16.7	4.2	7.4	4,202,181	23,086	4,179,095	5.3%
2016	72.8	15.3	4.3	7.6	3,994,771	25,114	3,969,657	1.4%
2015	73.3	15.3	4.0	7.4	3,941,295	26,093	3,915,202	1.1%
2014	73.6	15.3	3.7	7.4	3,896,835	25,530	3,871,305	0.9%
2013	73.5	15.0	4.0	7.5	3,859,012	21,452	3,837,560	0.8%
2012 ¹	73.6	15.2	4.0	7.3	3,832,330	23,784	3,808,546	-9.5%
2011	76.5	13.7	3.2	6.6	4,230,768	23,154	4,207,614	1.0%
2010	76.9	13.9	3.0	6.3	4,186,777	21,154	4,165,623	1.0%
2009	77.0	13.6	3.3	6.3	4,147,089	21,154	4,125,935	1.5%

¹ Revaluation.

Source: Town of Glastonbury, Assessor's Office.

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (000's)	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2018
2018	2020	\$ 4,225,059	36.36	\$ 153,623,145		<i>In Collection</i> ²	
2017 ¹	2019	4,179,095	36.00	148,933,708	99.4%	0.6%	0.6%
2016	2018	3,969,657	37.45	147,321,145	99.6%	0.4%	0.4%
2015	2017	3,915,202	36.40	142,244,077	99.4%	0.6%	0.1%
2014	2016	3,871,305	36.10	139,990,757	99.4%	0.6%	0.1%
2013	2015	3,837,560	35.65	134,749,969	99.4%	0.6%	0.1%
2012 ¹	2014	3,808,546	35.10	131,609,106	99.5%	0.5%	0.1%
2011	2013	4,207,614	30.50	128,299,243	99.3%	0.7%	0.1%
2010	2012	4,165,623	30.05	125,090,308	99.1%	0.9%	0.1%
2009	2011	4,125,935	29.65	122,201,916	99.1%	0.9%	0.1%

¹ Revaluation.

² Fiscal Year Ending 6/30/19 rates as of April 30.

Source: Town of Glastonbury, Tax Collector

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power Co	Public Utility	\$ 49,984,750	1.18%
Shops At Somerset Square LLC	Retail Center	28,651,700	0.68%
New London Turnpike Apts Investors LLC	Apartments	28,019,300	0.66%
Massachusetts Mutual Life Insurance Company ...	Office Building	18,736,700	0.44%
Glastonbury Developers LLC.....	Apartments	18,643,070	0.44%
Glastonbury MZL LLC	Retail Plaza	17,850,000	0.42%
SHP V Glastonbury LLC	Assisted Living	16,797,330	0.40%
Siebar Glastonbury LLC	Office Building	15,933,200	0.38%
Connecticut Natural Gas Corp.	Public Utility	15,883,400	0.38%
Brixmor Residual Shoppes at Fox Run LLC	Retail Center	15,604,700	0.37%
Total.....		\$ 226,104,150	5.35%

¹ Based on the Net Taxable Grand List of October 1, 2018 of \$4,225,059,000.

Source: Town of Glastonbury, Assessor's Office.

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V. Debt Summary
Principal Amount of Indebtedness
As of July 25, 2019
(Pro Forma)

Long-Term Debt:

<u>Date</u>	<u>Purpose</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Fiscal Year of Maturity</u>
10/12/10	Refunding (GP).....	2.50-5.00	\$ 8,995,000	\$ 3,415,000	2025
10/12/10	Refunding (Schools).....	2.50-5.00	19,555,000	7,480,000	2025
5/31/11	CWF - PLO ¹	2.00	18,600,000	11,792,011	2031
11/1/11	General Purpose - Series A.....	2.00-3.00	50,000	15,000	2022
11/1/11	Schools - Series A.....	2.00-3.00	2,665,000	1,615,000	2030
11/1/11	General Purpose - Series B (Taxable)....	3.00-4.50	3,680,000	2,315,000	2031
7/12/12	Refunding (GP).....	2.00-5.00	2,870,000	1,515,000	2026
7/12/12	Refunding (Schools).....	2.00-5.00	11,675,000	7,390,000	2026
10/10/13	General Purpose (Taxable).....	3.00-4.30	8,950,000	7,465,000	2034
5/15/14	Refunding (GP).....	2.00-5.00	3,095,000	1,807,000	2029
5/15/14	Refunding (Schools).....	2.00-5.00	6,385,000	1,848,000	2029
7/26/18	General Purpose - Series A.....	2.00-5.00	2,735,000	2,600,000	2038
7/26/18	General Purpose Refunding - Series B....	5.00	2,970,000	2,636,000	2026
7/26/18	Schools Refunding - Series B.....	5.00	830,000	784,000	2026
Total Outstanding Bonded Debt.....			\$ 93,055,000	\$ 52,677,011	

¹ The Sewer Debt is self-supporting. Debt service payments are expected to be made from the Special Revenue Fund for Wastewater Treatment Operations, with the exception of a \$175,000 annual contribution from the Town's General Fund and an annual transfer of investment earnings of the Sewer Sinking Fund.

Short-Term Debt
As of July 25, 2019
(Pro Forma)

<u>Project</u>	<u>Amount Authorized</u>	<u>This Issue:</u>
		<u>The Notes Due: 7/24/20</u>
Land Acquisition - 2012	\$ 2,000,000	\$ 1,088,500
Land Acquisition - 2016	3,000,000	216,500
Library Renovation/Expansion..	6,500,000	405,000
Total	\$ 11,500,000	\$ 1,710,000

Annual Bonded Debt Maturity Schedule
As of July 25, 2019
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	Total Principal	Cumulative Principal Retired %
2020 ¹	\$ 5,941,250	\$ 1,695,169	\$ 7,636,419	\$ 5,941,250	11.28%
2021	6,079,851	1,532,188	7,612,039	6,079,851	22.82%
2022	6,053,820	1,288,852	7,342,672	6,053,820	34.31%
2023	5,783,173	1,079,883	6,863,056	5,783,173	45.29%
2024	5,767,912	881,973	6,649,885	5,767,912	56.24%
2025	4,823,059	689,728	5,512,787	4,823,059	65.40%
2026	3,938,608	525,305	4,463,913	3,938,608	72.87%
2027	3,034,572	408,023	3,442,595	3,034,572	78.63%
2028	2,490,953	328,631	2,819,584	2,490,953	83.36%
2029	2,507,777	256,173	2,763,950	2,507,777	88.12%
2030	2,125,036	187,822	2,312,858	2,125,036	92.16%
2031	1,426,000	128,898	1,554,898	1,426,000	94.86%
2032	665,000	93,056	758,056	665,000	96.13%
2033	670,000	64,419	734,419	670,000	97.40%
2034	670,000	35,706	705,706	670,000	98.67%
2035	140,000	19,250	159,250	140,000	98.94%
2036	140,000	15,050	155,050	140,000	99.20%
2037	140,000	10,850	150,850	140,000	99.47%
2038	140,000	6,563	146,563	140,000	99.73%
2039	140,000	2,188	142,188	140,000	100.00%
Total.....	\$ 52,677,011	\$ 9,249,727	\$ 61,926,738	\$ 52,677,011	

¹ Excludes \$135,000 principal and \$44,406 interest payments made from July 1, 2019 through July 25, 2019.

Overlapping/Underlying Debt

The Town of Glastonbury does not have any overlapping or underlying debt.

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

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**Debt Statement
As of July 25, 2019
(Pro Forma)**

Long-Term Debt Outstanding:

General Purpose	\$ 21,768,000
Schools	19,117,000
Sewers (CWF - PLO).....	<u>11,792,011</u>
Total Long-Term Debt.....	52,677,011
Short-Term Debt (This Issue Notes due: 7/24/20).....	<u>1,710,000</u>
Total Direct Debt.....	54,387,011
Less: School Construction Grants Receivable (As of June 30, 2018) ¹	-
Self-Supporting Sewer Debt ²	<u>(11,792,011)</u>
Total Net Direct Debt.....	42,595,000
Overlapping/Underlying Debt.....	-
Total Overall Net Debt.....	<u>\$ 42,595,000</u>

¹ Includes actual school building grants receivable for previously issued school bonds.

² The Sewer Debt is self-supporting. Debt service payments are expected to be made from the Special Revenue Fund for Wastewater Treatment Operations, with the exception of a \$175,000 annual contribution from the Town's General Fund and an annual transfer of investment earnings of the Sewer Sinking Fund.

**Current Debt Ratios
As of July 25, 2019
(Pro Forma)**

Population (2017) ¹	34,688
Net Taxable Grand List (10/1/18)	\$ 4,225,059,000
Estimated Full Value (70%).....	\$ 6,035,798,571
Equalized Grand List (10/1/16) ²	\$ 6,169,974,908
Money Income per Capita (2017) ¹	\$60,119

	Total Direct Debt	Net Direct Debt Total Overall Net Debt
	\$ 54,387,011	\$ 42,595,000
Per Capita.....	\$ 1,567.89	\$ 1,227.95
Ratio to Net Taxable Grand List.....	1.29%	1.01%
Ratio to Estimated Full Value.....	0.90%	0.71%
Ratio to Equalized Grand List.....	0.88%	0.69%
Debt per Capita to Money Income per Capita (2017)...	2.61%	2.04%

¹ Source: American Community Survey 2013-2017

² Source: Office of Policy and Management, State of Connecticut.

Bond Authorization

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Pursuant to the Charter, upon recommendation of the Board of Finance, the Town Council authorizes borrowing. Such authorizations of \$1 million or more are subject to referendum, and all such authorizations are subject to referendum upon qualifying petition timely filed. Pursuant to CGS Sec. 7-370c, refunding bonds may be authorized by resolution of the Town Council.

Maturities

Except for refunding bonds that achieve net present value savings, general obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer and school bonds, which may mature in up to thirty years.

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 for an aggregate period of 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 each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer and 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, or, for sewer and school projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date, except for sewer or school notes issued in anticipation of state and/or federal grants. If a written commitment exists, the municipality may renew the sewer or school 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 issuance of such notes (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. 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).

Clean Water Fund Program

The Town is a participant in the State of Connecticut's Clean Water Fund Program (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 a participating 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. Municipalities must permanently finance draws under the Interim Funding Obligations ("IFO") through the issuance of a Project Loan Obligation ("PLO").

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the PLO, 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 PLO, and thereafter in monthly 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. 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.

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.

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 Debt Limitation
As of July 25, 2019
(Pro Forma)

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2018.....	\$ 141,993,237
Reimbursement For Revenue Loss (Tax relief for elderly).....	134,895
Base for Debt Limitation Computation.....	\$ 142,128,132

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$319,788,297	-	-	-	-
4 1/2 times base.....	-	\$639,576,594	-	-	-
3 3/4 times base.....	-	-	\$532,980,495	-	-
3 1/4 times base.....	-	-	-	\$461,916,429	-
3 times base.....	-	-	-	-	\$ 426,384,396
Total Debt Limitation.....	\$319,788,297	\$639,576,594	\$532,980,495	\$461,916,429	\$ 426,384,396
Indebtedness:					
Bonds Outstanding.....	21,768,000	19,117,000	11,792,011 ¹	-	-
Notes – This Issue.....	1,710,000	-	-	-	-
Debt Authorized But Unissued.....	12,283,500	-	-	-	-
Total Indebtedness.....	35,761,500	19,117,000	11,792,011	-	-
Less:					
State School Grants Receivable ²	-	-	-	-	-
Total Net Indebtedness.....	35,761,500	19,117,000	11,792,011	-	-
DEBT LIMITATION IN EXCESS					
OF OUTSTANDING INDEBTEDNESS.....	\$284,026,797	\$ 620,459,594	\$ 521,188,484	\$461,916,429	\$ 426,384,396

¹ The Sewer Debt is self-supporting. Debt service payments are expected to be made from the Special Revenue Fund for Wastewater Treatment Operations, with the exception of a \$175,000 annual contribution from the Town's General Fund and an annual transfer of investment earnings of the Sewer Sinking Fund.

² Includes actual school building grants receivable for previously issued school bonds.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$994,896,924

Authorized but Unissued Debt
As of July 25, 2019
(Pro Forma)

Project	Amount Authorized	Previously Bonded or Paid-down	Maturing Notes Due: 7/25/19	New Money/ (Paydowns)	This Issue: The Notes Due: 7/24/20	Authorized but Unissued
Land Acquisition - 2012	\$ 2,000,000	\$ 911,500	\$ 1,088,500	\$ -	\$ 1,088,500	\$ -
Land Acquisition - 2016	3,000,000	-	216,500	-	216,500	2,783,500
Land Acquisition - 2017	3,000,000	-	-	-	-	3,000,000
Library Renovation/Expansion..	6,500,000	-	-	405,000	405,000	6,500,000
Total	\$ 14,500,000	\$ 911,500	\$ 1,305,000	\$ 405,000	\$ 1,710,000	\$12,283,500

**Principal Amount of Outstanding Debt ¹
Last Five Fiscal Years
(000s)**

Long-Term Debt	2018	2017	2016	2015	2014
Bonds.....	\$ 44,925,000	\$ 51,735,000	\$ 58,570,000	\$ 65,085,000	\$ 71,940,000
Short-Term Debt					
Bond Anticipation Notes.....	1,650,000	1,650,000	1,265,000	445,000	635,000
Total.....	\$ 46,575,000	\$ 53,385,000	\$ 59,835,000	\$ 65,530,000	\$ 72,575,000

Source: Town of Glastonbury Audited Financial Reports.

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

Fiscal Year Ended 6/30	Net Assessed Value (000's)	Estimated Full Value (000's)	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to		Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³
				Assessed Value (%)	Full Value (%)			
2018	\$ 3,969,657	\$ 5,670,939	\$ 44,925,000	1.13%	0.79%	34,688	1,295.12	2.15%
2017	3,915,202	5,593,146	51,735,000	1.32%	0.92%	34,688	1,491.44	2.48%
2016	3,871,305	5,530,436	58,570,000	1.51%	1.06%	34,688	1,688.48	2.81%
2015	3,837,560	5,482,229	65,085,000	1.70%	1.19%	34,688	1,876.30	3.12%
2014	3,808,546	5,440,780	71,940,000	1.89%	1.32%	34,688	2,073.92	3.45%
2013	4,207,614	6,010,877	69,615,000	1.65%	1.16%	34,688	2,006.89	3.34%

¹ Long-Term debt does not include Water debt, compensated absences, capital lease obligations, or State of Connecticut Clean Water Fund Debt.

² Bureau of Census.

³ American Community Survey (2013-2017), Money Income Per Capita \$58,216.

Source: Town of Glastonbury Audited Financial Reports.

**Ratio of Total General Fund Debt Service Expenditures
To Total General Fund Expenditures and Transfers Out
Last Five Fiscal Years**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures ¹	Ratio of Total Debt Service To General Fund Expenditures
2019 ²	\$ 8,459,085	\$ 162,350,789	5.21%
2018	8,662,536	182,244,219	4.75%
2017	8,984,959	176,703,390	5.08%
2016	8,856,681	164,270,507	5.39%
2015	9,524,735	161,466,285	5.90%
2014	9,760,745	157,906,577	6.18%
2013	9,446,834	153,583,691	6.15%

¹ Includes transfers out.

² Budget basis, subject to audit.

Source: Town of Glastonbury Finance Department.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

See footnote number 1 in “Notes to Financial Statements” of Appendix A.

Accounting Policies

The financial statements of the Town of Glastonbury, Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 are reported as separate columns in the fund financial statements.

Budget Procedure

The Town establishes its general fund budget in accordance with provisions of its Charter and the Connecticut General Statutes. The budget is adopted in accordance with accounting principles generally accepted in the United States of America, except that certain on-behalf payments are not recognized for budgetary purposes.

The Budget is adopted at the Final Budget Hearing. Supplemental appropriations require approval of the Council and Board of Finance in accordance with Charter provisions. Transfers and supplemental appropriations are approved during the year in accordance with the provisions of the Town's Charter and the Connecticut General Statutes.

Annual operating budgets are prepared and employed for management control only for the General Fund. Therefore, only the General Fund has a statement of revenues, expenditures and changes in fund balance - budget and actual included in the basic financial statements. Unexpended appropriations of the General Fund lapse at fiscal year-end. While project and object budgets are not legally adopted for the Capital Projects Funds, they are employed as a management tool and do not lapse at year-end.

Each year, the Town adopts a five-year Capital Improvement Program. The program has two processes: a planning process and a budgetary process. Annually, the Town Council is provided with a five-year planning document which prioritizes the implementation of projects based on community needs. The Town Council evaluates the plan and establishes its priorities, as well as the years for project implementation. Thereafter, the Town Manager revises the plan to include the budgetary funding recommendations for the next fiscal year and forwards the document to the Board of Finance for its review as part of the annual budgetary process.

Expenditures may not legally exceed budgeted appropriations at the object level. Budget transfers within a department can be authorized by the Town Manager when the amount is less than \$5,000 within any department and does not include additional staffing or monies to acquire capital items deleted in prior budgets. Transfers greater than

\$5,000 within departments must be approved by the Board of Finance. Other transfers between departments require Council and Board of Finance approval. However, such transfers may occur only after April 1 of the fiscal year.

The Town of Glastonbury has received the GFOA Distinguished Budget Award for the budget years 1996 through 2017.

Annual Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The Town of Glastonbury is in full compliance with said provisions. For the fiscal year ended June 30, 2018, the financial statements of the Town were audited by the firm of Blum Shapiro, of West Hartford, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting: The Town of Glastonbury has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (“GFOA”) of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1989 through June 30, 2018. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

The Town is one of fourteen Connecticut communities to receive both a distinguished budget award and a certificate of achievement for excellence in financial reporting from GFOA.

Capital Improvement Plan - Summary

The Town expects to finance the projects as set out in the following table.

Project	Fiscal 2019-20	Fiscal 2020-21	Fiscal 2021-22	Fiscal 2022-23	Fiscal 2023-24	Total
General Government	\$ 420,000	\$ 380,000	\$ 280,000	\$ 280,000	\$ 280,000	\$ 1,640,000
Public Safety	452,000	1,250,500	1,499,500	1,163,000	438,000	4,803,000
Physical Services	5,200,000	4,600,000	3,340,000	5,205,000	2,575,000	20,920,000
Parks & Recreation	125,000	500,000	875,000	550,000	1,000,000	3,050,000
Library	-	-	-	-	-	-
Refuse	235,000	95,000	-	-	-	330,000
Education	3,275,000	1,775,000	1,450,000	1,125,000	1,351,500	8,976,500
Total	\$ 9,707,000	\$ 8,600,500	\$ 7,444,500	\$ 8,323,000	\$ 5,644,500	\$ 39,719,500

Funding Sources	Fiscal 2019-20	Fiscal 2020-21	Fiscal 2021-22	Fiscal 2022-23	Fiscal 2023-24	Total
Grants	\$ 3,067,000	\$ 1,238,000	\$ 319,000	\$ 1,800,000	\$ 41,000	\$ 6,465,000
Pay As You Go / Bonding.....	6,640,000	7,362,500	7,125,500	6,523,000	5,603,500	33,254,500
Total Funding Sources	\$ 9,707,000	\$ 8,600,500	\$ 7,444,500	\$ 8,323,000	\$ 5,644,500	\$ 39,719,500

Pensions

Pension Trust Fund

The Town of Glastonbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits to substantially all full-time employees. Excluded from this plan are Highway, Fleet Maintenance, Refuse, Facilities and Sanitation employees hired after January 1, 2013, unaffiliated Town employees hired after June 1, 2013 and certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Both the employer and the employee are obligated to contribute to this plan. The PERS is a defined benefit pension plan and is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. Stand-alone reports are not available.

The PERS Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. Employees were eligible to participate in the Plan upon the completion of one year of continuous service. Connecticut General Statutes assign the authority to the Town to create and amend Plan benefit provisions by ordinance or resolution. Under the Plan, all employees, except police, are partially vested after 5 years of service. All Plan members are 100% vested after 10 years of service.

Generally effective in 2013, new pension plan designs were implemented for various employee groups which includes Defined Contribution (DC), hybrid, and modified Defined Benefit (DB) plans. These new plans are effective for pension eligible full time staff hired in and after 2013.

The components of the net pension liability of the Town at June 30, 2018 were as follows:

Total Pension Liability	\$ 202,019,589
Plan Fiduciary Net Position	<u>(146,845,104)</u>
Town's Net Pension Liability	<u>\$ 55,174,485</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.69%

The following presents the net pension liability of the Town, calculated using the discount rate of 6.625%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.625%) or 1 percentage point higher (7.625%) than the current rate:

	1% Decrease	Current	1% Increase
	(5.625%)	(6.625%)	(7.625%)
Town's Net Pension Liability	\$ 82,405,779	\$ 55,174,485	\$ 35,670,301

Teacher Retirement

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

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.

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Percentage of ARC Contributed
6/30/2019 ¹	\$ 7,908,372	\$ 7,908,372	100.0%
6/30/2018 ²	7,193,600	7,193,600	100.0%
6/30/2017	6,325,363	6,325,363	100.0%
6/30/2016	6,118,624	6,118,624	100.0%
6/30/2015	6,001,585	6,001,585	100.0%
6/30/2014	5,771,396	5,771,396	100.0%
6/30/2013	5,130,000	5,130,000	100.0%

¹ Estimated amount and subject to audit.

² The ADC was fully funded in FY2018 and included funding of 99.2% by the Town and 0.8% by an increase to employee payroll deductions for pension costs. The increase to employee payroll deductions was made subsequent to the ADC calculation.

Source: Finance Department

Other Post Employment Benefits (OPEB)

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees, under cost sharing arrangements. Substantially all of the Town's employees may become eligible for those benefits, if they retire under a normal retirement or with disability.

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of postemployment healthcare in the year when the employee services are received, discloses the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. Effective June 30, 2009 the Town established a trust to fund these benefits. The Town makes annual contributions based on the actuarial recommendation, which is approved in the final budget by the Town Council. The post-retirement plan does not issue stand-alone financial reports.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2018 ¹	\$ 1,392,913	\$ 1,392,915	100.0%	\$ 15,400,532
6/30/2017	1,321,393	925,241	70.0%	2,951,022
6/30/2016	1,645,194	1,522,386	92.5%	2,548,376
6/30/2015	1,542,828	1,381,616	89.6%	2,425,568
6/30/2014	1,577,326	1,088,000	69.0%	2,264,356
6/30/2013	1,497,303	1,141,000	76.2%	1,775,030

¹ The significant increase in the Net OPEB Obligation is the result of implementing GASB 75, which significantly changed how we calculate and report the annual costs and long term obligations associated with OPEB. There have been no changes to the OPEB benefits offered by the Town.

Source: Finance Department

Schedule of Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability ("AAL")</i>	<i>Unfunded AAL ("UAAL")</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a % of Covered Payroll</i>
7/1/2017	\$ 3,707,707	\$ 19,091,521	\$ (15,383,814)	19.42%	\$ 68,158,459	22.57%
7/1/2015	2,486,000	14,156,000	(11,670,000)	17.56%	68,158,000	17.12%
7/1/2013	1,405,000	15,478,000	(14,073,000)	9.08%	64,192,000	21.92%
7/1/2011	537,000	16,558,000	(16,021,000)	3.24%	62,606,000	25.59%
7/1/2009	228,000	14,286,000	(14,058,000)	1.60%	N/A	N/A

Risk Management

The Town is a member of CIRMA’s Liability, Automobile, Property (LAP) pool program and well as CIRMA’s Workers’ Compensation pool program. CIRMA is a not-for-profit association of Connecticut municipalities, school districts, and local public agencies established in 1980. CIRMA has 151 LAP members and 208 Workers’ Compensation Pool members (not including six self-insured members).

The Town maintains insurance to provide for losses of property or the results of litigation. The insurance policy provisions cover general business liabilities and umbrella liability, as well as various other coverages. There are various deductibles dependent on the type of coverage. There were no significant reductions from the previous year in insurance coverages during the fiscal year ended June 30, 2018. All policy deductibles and uninsured losses are funded by insurance accounts included under Administrative Services in the General Fund. The Town had no settlements which exceeded insurance coverage for the fiscal years ended June 30, 2016, 2017, 2018 or 2019.

The Workers’ Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers’ Compensation Act. The program type is guaranteed cost effective 7/1/2018. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA’s Workers’ Compensation Pool retains \$1,000,000 per occurrence plus a \$1,000,000 annual aggregate deductible. All claims above this retention are fully reinsured.

Town health benefits are provided through an Internal Service Fund. The Health Insurance Reserve Fund accounts for medical claim activity and service fees on a self-insured basis. Town liability is limited through the purchase of Individual Stop Loss (ISL) and Aggregate Stop Loss (ASL) coverage. Anthem, ConnectiCare and Delta Dental are the Town’s medical providers and they each administer payment of claims directly to the providers. The Town works with a consultant to analyze claims, calculate the incurred but not reported (IBNR) claims liability at year-end and advise the Town on all health insurance related issues throughout the year. The Town adheres to a conservative reserve policy that, at a minimum, requires the Town to maintain a reserve level that will meet the total of the difference between the maximum liability and amounts budgeted, the incurred but not reported claims and ten percent (10%) of budgeted health care premiums. Approval of the Town Council is required for the use of any excess reserves and is limited to offset future health related costs.

Investment Policies and Practices

Town policy for eligible investments is governed by State of Connecticut statutes which, in general, allow the Town to invest in obligations of the United States or United States government-sponsored corporations, or in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer’s Short-Term Investment Fund. Trust funds may also be invested in corporate bonds and securities and commercial paper.

The Town’s investment policy for its pension funds states the investments shall be allocated in a manner designed to provide a long-term investment return greater than the actuarial assumption, maximize investment return commensurate with appropriate levels of risk, and comply with the Employee Retirement Income Security Act (ERISA) of 1974 in investing the funds in a manner consistent with ERISA’s fiduciary standards. The current investment strategy allows for 65% in stock and 35% in bonds.

The Town diversifies its use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The Town may invest any portion of its portfolio in U.S. Treasury obligations, U.S. government agency securities and instrumentalities of government-sponsored corporations, or certificates of deposit with commercial banks or savings and loan associations.

The Town's investment practices are in compliance with its Charter and the Connecticut General Statutes.

Management Policies

Management adheres to the following policies to manage financial stability and strength of the Town.

Budgetary Control - Expenditures may not legally exceed budgeted appropriations at the object code level. The Town Manager can authorize budget transfers within a department when the amount is \$5,000 or less and does not include additional staffing or the acquisition of capital items deleted in prior budgets. Other transfers require Board of Finance and/or Town Council approval. Transfers between departments may be made only in the last three months of the fiscal year. Monthly expenditures are reviewed with the Board of Finance and requested transfers are reviewed and justified.

Debt Policy – The Town Council and Board of Finance have enacted a policy whereby debt shall not exceed 2.5% of the respective year's full value Grand List. Additionally, annual Debt Service shall not exceed 10% of the respective year is budget. For 2018, actual debt service expenditures represented approximately 5.6% of actual expenditures. Outstanding general obligation bonds at June 30, 2018 totaled \$44,925,000. The Town is rated AAA by Standard & Poor's and Aaa by Moody's. It is the policy of the Town to protect these ratings by adhering to sound financial policies and decisions.

Use of Fund Balance Policy - The Town Council has enacted a Policy that the Town's Unassigned Fund Balance shall meet a minimum of 12% of the respective year combined Town, Education and Debt & Transfer budget. At June 30, 2018, in accordance with GASB 54, the Town's General Fund unassigned fund balance represented 14.66% of expenditures and 14.71% of revenues.

Cash Management – The Town's Investment Portfolio Policies and Procedures apply to all financial assets of the Town, excluding Pension and Other Post Employment Benefit (OPEB) Trust funds. The primary objective of each investment transaction is protecting principal, followed by maintaining sufficient liquidity to meet cash flow needs, and finally, attaining the maximum yield possible taking into account the investment risk constraints and cash flow requirements. Upon recommendation of the Board of Finance, investments are allowed in any financial institution approved by the Town Manager that meets the State of Connecticut's definition of a "qualified public depository". The Town monitors the financial health of the approved financial institutions by reviewing the quarterly risk based capital ratios and collateral requirements report as defined in the Connecticut General Statutes Section 26-382.

Pension Trust Fund – Investment of the Pension Trust Fund portfolio is composed of stocks, bonds and real estate investments. The current investment strategy allows for 65% in stock and 35% in bonds. The Board of Finance reviews the fund performance quarterly to monitor adherence to the Investment Policy Statement guidelines. Over the last few years, the actuarial valuation assumptions have been reviewed and revised accordingly. Most specifically, the investment rate of return has been reduced over the years from 8.75% to 6.5% (effective with the 7/1/18 valuation).

Technology Replacement Schedule – The Town maintains a comprehensive schedule for replacement of computers and servers and review of software. Annually, funds are included in the operating budget at a relatively consistent level to maintain systems and upgrades as necessary.

Loss Control – The Town has a highly successful loss control program for its workers' compensation and property and casualty insurance. The Director of Finance and Administrative Services and Director of Human Resources are jointly responsible for the risk management function. Semiannually, department directors must report to the Town Manager on losses within their area of responsibility, the preventative action taken to correct the situation and any training provided to their employees to mitigate losses. Safety and risk management training is made available by the insurance providers and is used on a recurring basis. As in the past, the department and division directors focus on loss control prevention. These efforts have further improved the Town's loss control program and strengthened the accountability of management staff for reduction in overall Workers' Compensation costs. The Town participates in the Connecticut Interlocal Risk Management Pool (CIRMA) for town and education coverage.

Commitments & Contingencies

The Town is currently a defendant in a number of lawsuits. Management and legal counsel believe that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
And Two Years Adopted Budgets (Budgetary Basis)

	Adopted Budget ¹ 2019-20	Adopted Budget ¹ 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues:						
Property Taxes	\$ 153,589,767	\$ 150,395,708	\$ 147,560,197	\$ 142,041,710	\$ 140,255,321	\$ 137,088,886
Licenses and Permits	1,150,800	1,126,100	1,442,652	1,447,584	1,655,217	1,014,893
Intergovernmental	6,781,043	7,052,570	8,166,349	9,719,044	9,207,615	9,402,279
Charges for Services	1,436,765	1,416,570	1,518,887	1,855,146	1,821,591	1,524,852
Investment Income	1,500,000	800,000	793,946	410,843	285,841	264,422
Unrealized Investment Income	-	-	(181,482)	(84,495)	89,230	-
Other Revenues	974,251	984,841	1,420,512	1,640,843	1,859,871	1,925,382
State Payment for Teachers Retirement System	-	-	20,613,490	18,586,525	10,420,522	9,019,032
Total Revenues	165,432,626	161,775,789	181,334,551	175,617,200	165,595,208	160,239,746
Expenditures:						
General Government	3,311,802	3,364,593	3,038,972	2,943,450	2,952,448	2,934,917
Community Development	2,201,929	2,103,418	1,857,926	1,881,332	1,738,682	1,699,054
Administrative Services	6,213,738	6,074,815	5,948,465	6,784,987	6,522,604	6,150,873
Public Safety	14,580,054	14,085,496	13,634,227	12,774,935	12,400,819	11,470,736
Physical Services	7,457,270	7,075,183	6,943,112	6,734,016	6,531,451	6,812,516
Sanitation	859,961	804,477	725,610	732,410	726,101	698,834
Human Services	2,964,504	2,979,232	2,787,792	2,792,577	2,919,612	2,750,972
Leisure/Culture	5,744,767	5,528,789	5,239,873	5,172,573	5,254,630	5,294,427
Education	108,699,846	105,366,982	105,358,616	101,370,626	100,315,657	98,358,189
State Payment for Teachers Retirement System	-	-	20,613,490	18,586,525	10,420,522	9,019,032
Debt Service	7,157,157	8,459,085	8,662,536	8,984,959	8,856,681	9,524,735
Capital Outlays	-	-	-	-	-	-
Total Expenditures	159,191,028	155,842,070	174,810,619	168,758,390	158,639,207	154,714,285
Revenues over (under) expenditures	6,241,598	5,933,719	6,523,932	6,858,810	6,956,001	5,525,461
Other Financing Sources Uses:						
Refunding Bonds Issued.....	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent.....	-	-	-	-	-	-
Premium on Bonds.....	-	-	-	-	-	-
Sale of General Capital Assets	-	-	11,485	679,670	30,971	16,687
Operating Transfers In	575,000	575,000	-	-	-	-
Operating Transfers (Out)	(6,816,598)	(6,508,719)	(7,433,600)	(7,945,000)	(5,631,300)	(6,752,000)
Total other Financing Sources (uses)	(6,241,598)	(5,933,719)	(7,422,115)	(7,265,330)	(5,600,329)	(6,735,313)
Revenues and other financing sources over (under) expenditures and other financing (uses)						
	\$ -	\$ -	\$ (898,183)	\$ (406,520)	\$ 1,355,672	\$ (1,209,852)
Fund Equity, Beginning of Year	25,757,528	25,757,528	26,655,711	27,062,231	25,706,559	26,916,411
Fund Equity, End of Year	\$ 25,757,528	\$ 25,757,528	\$ 25,757,528	\$ 26,655,711	\$ 27,062,231	\$ 25,706,559

¹ Budgetary basis, subject to audit.

Municipal General Budget Expenditures Cap

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation did not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 30, 2019. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021, but provides that such funding will resume following July 1, 2021.

Analysis of General Fund Balance

	Adopted Budget¹ 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Nonspendable.....	N/A	\$ 202,704	\$ 218,628	\$ 217,267	\$ 223,564	\$ 223,188
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	1,678,597	2,121,442	1,001,234	1,143,003	1,045,142
Unassigned.....	N/A	23,876,227	24,315,641	25,843,730	24,339,992	25,648,081
Total Fund Balance.....	N/A	\$ 25,757,528	\$ 26,655,711	\$ 27,062,231	\$ 25,706,559	\$ 26,916,411

¹ Budgetary basis, subject to audit.

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VII. Legal and Other Information

Litigation

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of Glastonbury, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' 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 Notes are delivered:

1. A signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager, and the Treasurer 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 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. A receipt for the purchase price of the Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendix B to the Official Statement.
5. An executed Continuing Disclosure Agreement for the respective Notes in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Glastonbury has prepared an Official Statement for the Notes which is dated July 10, 2019. 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 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 bidder(s) by noon of the day following the day bids on 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 winning bidder(s), the name of the insurer, if any, and any changes on the Securities. The winning bidder(s) shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the winning bidder(s).

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF GLASTONBURY, CONNECTICUT

By: /s/ *Richard J. Johnson*

Richard J. Johnson, *Town Manager*

By: /s/ *Julie B. Twilley*

Julie B. Twilley, *Director of Finance and Administration Services*

Dated: July 10, 2019

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Appendix A

2018 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Glastonbury, Connecticut for the fiscal year ended June 30, 2018. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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Independent Auditors' Report

To the Town Council and Board of Finance
Town of Glastonbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Glastonbury, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Glastonbury, Connecticut'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 auditors' 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 auditors consider 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Glastonbury, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, during the fiscal year ended June 30, 2018, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Glastonbury, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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, which 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 of Glastonbury, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

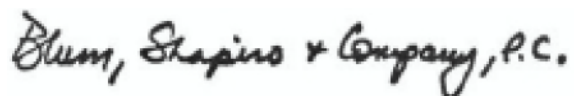
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of Glastonbury, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 15, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019 on our consideration of the Town of Glastonbury, Connecticut'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 solely 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 the effectiveness of the Town of Glastonbury, Connecticut's 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 of Glastonbury, Connecticut's internal control over financial reporting and compliance.



West Hartford, Connecticut
January 24, 2019

Town of Glastonbury, Connecticut Management's Discussion and Analysis - Unaudited June 30, 2018

This discussion and analysis of the Town of Glastonbury, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the assets of the Town of Glastonbury exceeded its liabilities resulting in a total net position at the close of the fiscal year of \$233.9 million. Of the Town's total net position at June 30, 2018, the unrestricted portion which can be used to meet the Town's ongoing obligations to citizens and creditors was (\$3.7) million. The deficit in unrestricted net position is primarily the result of implementing the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which requires the Town to report the net OPEB liability in the government-wide statements.
- On a government-wide basis, during the year, the Town's net position increased by \$2.1 million or 0.91%, from \$231.8 million (as restated) to \$233.9 million. Government-wide expenses were \$193.0 million, while revenues were \$195.1 million. The increase in net position of \$2.1 million is attributable to the overall management of Town operations in a fiscally responsible manner.
- At the close of the year, the Town of Glastonbury's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$52.8 million, a decrease of \$3.1 million from the prior fiscal year. Of the total \$52.8 million fund balance as of June 30, 2018, \$21.4 million is available for spending at the Town's discretion and represents the combined unassigned balance in the General Fund and other major and nonmajor governmental funds. The deficit in the Capital and Nonrecurring Expenditures Fund will be eliminated upon the receipt of final grant reimbursements.
- At the end of the current fiscal year, the total fund balance for the General Fund alone was \$25.8 million, a decrease of approximately \$0.9 million from the prior fiscal year. Of that total fund balance, \$23.9 million is unassigned. The unassigned General Fund balance at year-end represents 14.8% of total General Fund expenditures and transfers out (\$161.6 million on a budget basis).
- The Town of Glastonbury's total bonded indebtedness decreased \$6.8 million during the fiscal year. There was no additional long-term financing during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Glastonbury's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with fiscal year 2009 and running through the current year.

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 private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net position presents information on all of Glastonbury's assets and liabilities, with the difference reported as net position. One can think of the Town's net position - the difference between assets and liabilities - as one way to measure the Town's financial health or financial position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town of Glastonbury.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, for example uncollected taxes and earned but unused vacation leave.

Activities of the Town of Glastonbury encompass the Town's basic services and include governmental and community services, administration, public safety, health and welfare, sewage treatment operations and education. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 15-16.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town of Glastonbury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Glastonbury has three kinds of 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 available at the end of the fiscal year. Such information may be useful in evaluating a government'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, the readers may better understand the long-term impact of the government'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.

The Town of Glastonbury maintains 27 individual 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 Fund, Special Assessment Fund, Capital Reserve Projects Fund, Capital and Nonrecurring Expenditures Fund, and the Land Acquisition Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated schedule as other nonmajor governmental funds. Nonmajor governmental funds for the Town of Glastonbury which are classified as special revenue funds include the Sewer Operating Fund, Dog Fund, Grants and Contracts, Police Forfeited Property, Special Gifts/Grants, Historic Documents/Preservation, School Cafeteria, Education Grants, various library trust funds, Connecticut Card, Police Private Duty, Camp Sunrise, Recreation Activities, Insurance Reserve, Riverfront Park Operations and Planetarium funds. Nonmajor funds which are classified as capital projects funds include the Minnechaug Golf Fund, Town Aid, Sewer Sinking Projects, Gateway Project, Riverfront Park Project, and the Magnet School. Individual fund data for each of these nonmajor governmental funds is provided in the combining balance sheet and in the combining statement of revenues, expenditures and changes in fund balances.

The Town of Glastonbury adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures and changes in budgetary fund balance on a budgetary basis can be found on page 67.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) can be found on pages 17-20.

Internal Service Fund. The Town is self-insured for its health insurance benefits. Employer and employee contributions, stop loss reimbursements, claims and administrative costs for employee health benefits are accounted for in this internal service fund. The basic financial statements of this fund can be found on pages 21-23.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has one pension trust fund, one other post-employment benefit trust fund and two agency funds. The basic fiduciary fund financial statements can be found on pages 24-25.

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. The notes to the financial statements can be found on pages 26-66 of this report.

Certain required supplementary information is reported concerning the Town of Glastonbury's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. This information can be found within the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions-Pension, Schedule of Investment Returns-Pension, Schedule of the Town's Proportionate Share of the Net Pension Liability-Teachers Retirement Plan, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Employer Contributions-OPEB, Schedule of Investment Returns-OPEB, and Schedule of the Town's Proportionate Share of the Net OPEB Liability-Teachers Retirement Plan on pages 68-77 of this report.

Additional required supplementary information on comparative data for the general fund budgeted revenues and expenditures is shown on page 67.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of Glastonbury Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$233.9 million on June 30, 2018.

The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in FY2018. Consequently, the Town now reports a net OPEB liability in the government-wide statements and the net position at June 30, 2017 was restated to report the retroactive impact on net position at that date (a reduction of \$10.6 million.)

Table 1 - Net Position
(in thousands)

	Governmental Activities	
	2018	2017 as restated
Current and other assets	\$ 72,223	\$ 74,607
Capital assets, net of accumulated depreciation	297,255	297,205
Total assets	<u>369,478</u>	<u>371,812</u>
Deferred outflows of resources		
Deferred charge on refunding	1,540	2,118
Change in pension actuarial experience	8,404	1,783
Change in pension assumptions	-	2,335
Net Change in pension investment experience	-	3,443
Change in OPEB actuarial experience	1,637	-
Change in OPEB assumptions	-	-
Net Change in OPEB investment experience	-	-
Total deferred outflows of resources	<u>11,581</u>	<u>9,679</u>
Long-term liabilities outstanding	134,267	136,992
Other liabilities	12,132	12,026
Total liabilities	<u>146,399</u>	<u>149,018</u>
Deferred inflows of resources		
Advance tax payments	429	204
Change in pension assumptions	302	498
Total deferred inflows of resources	<u>731</u>	<u>702</u>
Net Position:		
Net investment in capital assets	237,664	229,962
Restricted	9	9
Unrestricted	<u>(3,744)</u>	<u>1,800</u>
Total Net Position	<u>\$ 233,929</u>	<u>\$ 231,771</u>

By far, the largest portion of the Town of Glastonbury's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment and infrastructure), less accumulated depreciation and any related debt used to acquire those assets that are 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 of Glastonbury'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.

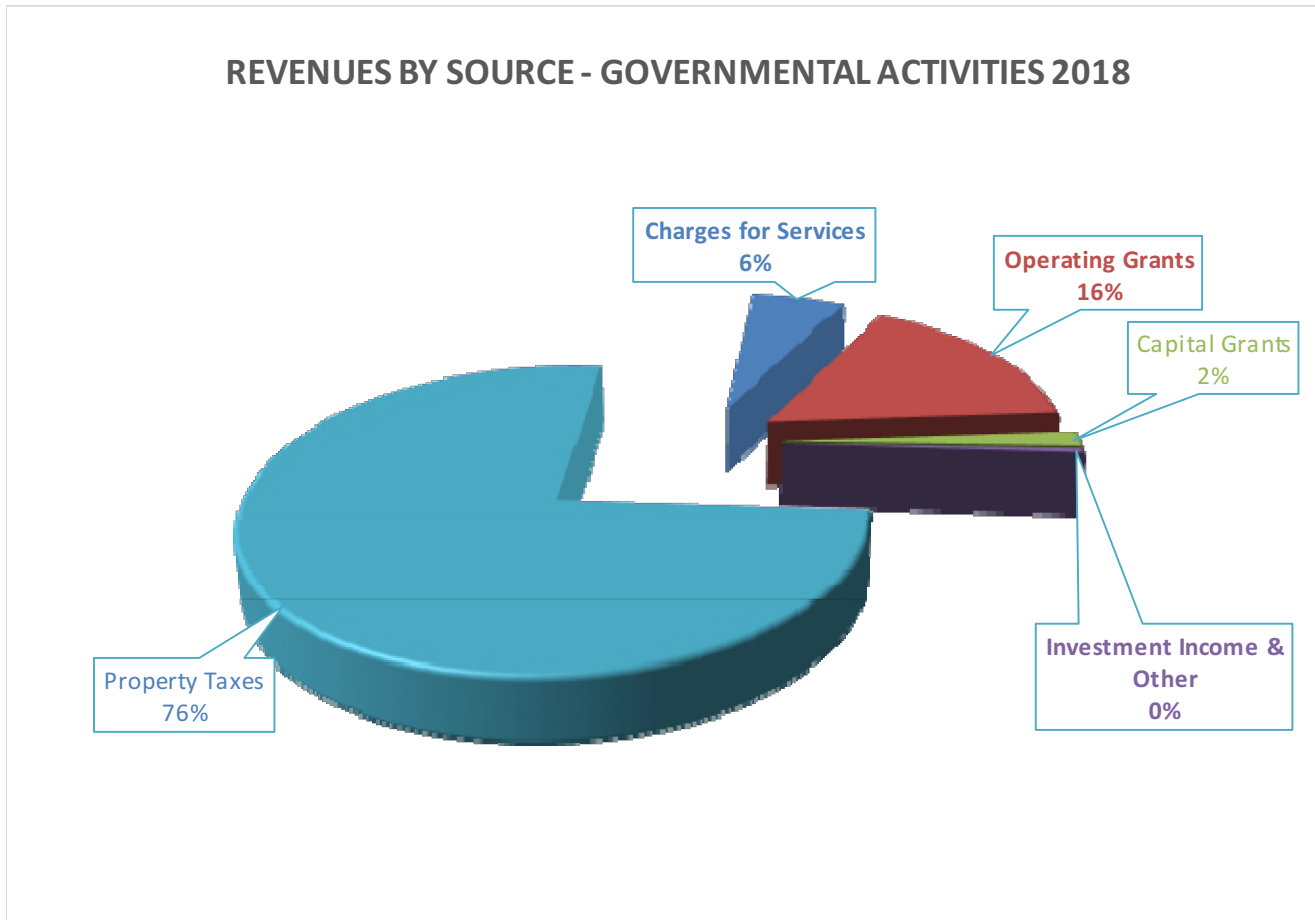
The deficit in unrestricted net position is primarily attributable to the increase in pension and OPEB liabilities during the year.

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 11,206	\$ 12,983
Operating grants and contributions	32,039	30,742
Capital grants and contributions	3,332	4,120
General revenues:		
Property taxes	147,569	142,549
Grants and contributions not restricted to specific programs	120	147
Investment income and other	856	424
Total revenues	<u>195,122</u>	<u>190,965</u>
Expenses:		
General government/services	4,905	4,929
Community development	1,915	1,960
Administrative services	6,522	7,446
Public safety	15,276	14,357
Physical services	11,819	12,274
Sanitation	3,789	3,890
Human services	3,094	3,030
Leisure/culture	8,463	8,878
Education	135,100	130,869
Interest on long-term debt	2,080	2,379
Total expenses	<u>192,963</u>	<u>190,012</u>
Change in Net Position	2,159	953
Net Position, July 1	231,771	241,384
Restatement	<u>-</u>	<u>(10,566)</u>
Net Position, Ending	<u>\$ 233,930</u>	<u>\$ 231,771</u>

Glastonbury's net position increased \$2.1 million during the fiscal year. This increase is attributable to the overall management of Town operations in a fiscally responsible manner.

Governmental Activities

Approximately 75.7% of the revenues were derived from property taxes, followed by 16.4% from operating grants and contributions, 5.8% from charges for services, 1.7% from capital grants and contributions, and the remaining 0.4% from investment earnings and grants and contributions.



Major revenue factors included:

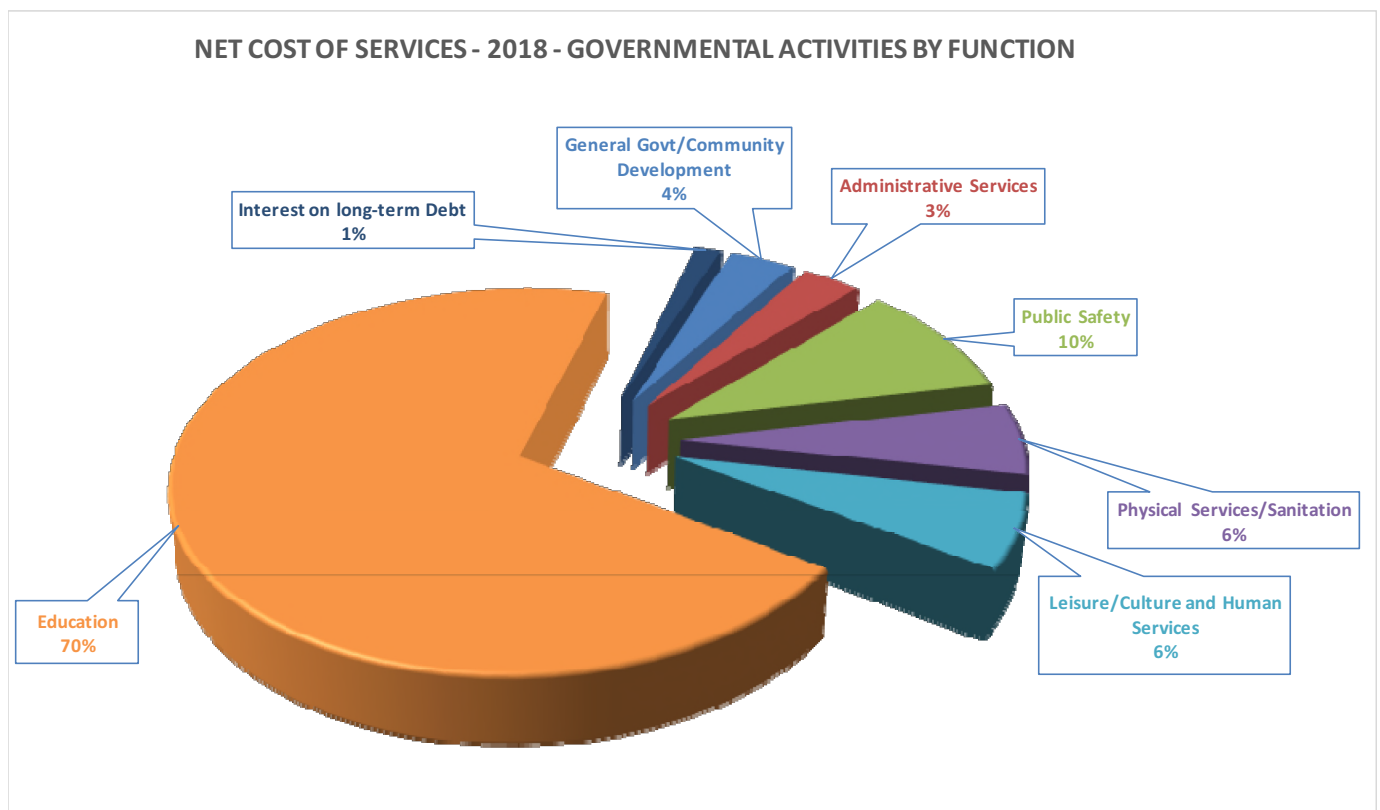
- Property tax revenues recorded for fiscal year 2018 totaled \$147.6 million, which represents an increase of 3.5% or \$5.0 million over 2017 tax revenues. The tax increase for the 2017/18 budget was 2.03%. This increase, combined with the estimated growth in the grand list of 1.39%, generated approximately \$5.0 million in additional tax revenue. Other positive factors included an unanticipated increase in the supplemental motor vehicle tax billing that was originally budgeted at \$1.1 million and generated \$1.4 million. In addition, the actual tax collection rate exceeded the assumed rate, 99.48% versus 99.1%, respectively.
- Investment income increased \$0.4 million or 101.9%, primarily due to increases in the interest rate during the year.
- Charges for services decreased \$1.7 million, primarily due to a nonrecurring gain on the disposal of capital assets in the prior year of \$0.7 million and a reduction of \$0.4 million in recording and conveyance fees collected by the Town Clerk in the current year, as compared to the prior year.
- Operating grants and contributions increased \$1.3 million or 4.2% primarily due to the increase in the State payment for the teacher's retirement system which increased \$2.0 million in FY2018.
- Capital grants and contributions decreased \$0.8 million or 19.1% primarily due to receipt of final grant reimbursements for the Magnet School, in the prior year.

With respect to governmental activities, 70.0% of the Town's expenses are related to education. Physical services and sanitation accounted for 8.1%, public safety accounted for 7.9%, leisure and culture, comprised of parks and recreation and library services, accounted for 4.4% and administrative services, which includes finance, accounting, revenue collection, assessment, town clerk, property and casualty insurances, legal costs and information technology accounted for 3.4% of expenses. The remaining 6.2% relates to general government, community development, human services and interest on long-term debt.

Overall, expenses increased \$3.0 million or 1.6% over the prior year. Major expenditure factors include:

- Public safety expenses increased \$0.9 million or 6.4%, primarily due to increases in wages and associated employee benefits.
- Education expenses increased \$4.2 million or 3.2%. The primary reason for this increase is the \$2.2 million increase in the State of Connecticut's contribution to the State Teachers Retirement System on behalf of the Town, and wage and pension increases.

Most other expenses decreased slightly due to budget restraints and cost savings. The following chart presents the net cost of services for the Town's major functions - General Government/Community Services, Administrative Services, Public Safety, Physical Services/Sanitation, Leisure/Culture and Human Services, Education and Interest on long term debt.



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town of Glastonbury'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 of Glastonbury's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- As of June 30, 2018, the Town of Glastonbury's governmental funds reported combined ending fund balances of \$52.8 million, a decrease of \$3.1 million over the previous year. Approximately \$31.5 million of this total is nonspendable, restricted, committed or assigned, indicating it is not available for new spending, as it is primarily to liquidate contracts and purchase orders or is legally restricted for other purposes. Approximately \$21.4 million of fund balance is unassigned, comprised of the net of the General Fund balance of \$23.9 million and deficit offsets in the Capital and Nonrecurring Expenditures Fund of \$2.5 million. The deficit in the Capital and Nonrecurring Expenditures Fund will be eliminated upon the receipt of final grant reimbursements.

General Fund

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$23.9 million while total fund balance reached \$25.8 million.

The Town's General Fund balance decreased \$0.9 million during the current fiscal year. Key factors that contributed to the financial outcome are as follows:

- Overall, on a budget basis, General Fund revenue estimates exceeded actual revenues by \$ 1.0 million
- Intergovernmental revenue estimates exceeded actual revenues by \$2.4 million, primarily due to the elimination of State Municipal Revenue Sharing and Motor Vehicle grants.
- Property taxes collected exceeded estimates by \$0.6 million.
- Investment income exceeded budget estimates by \$0.5 million, due to rising short-term interest rates during the year.
- Licenses and permits exceeded budget estimates by approximately \$0.4 million due to building permit revenue received during the year for major development projects within Town.
- General Fund expenditures came in \$1.3 million under budget. The savings were throughout various departments and were attributable to savings in wages and benefits achieved through attrition and staff vacancies in various departments.
- It should be noted that not included in the operations at June 30, 2018 is approximately \$0.4 million in encumbrances and capital carry forwards attributable to commitments and capital purchases not made in the current year and \$0.7 million attributable to unexpended education funds authorized to be carried over to the following fiscal year. These items are classified as assigned amounts in the General Fund.

At the close of the fiscal year, the Town's other governmental funds reported, on a current financial resource basis, combined ending fund balances of \$27.0 million, representing a decrease of \$2.2 million from the prior fiscal year. Changes in the Town's other major funds are highlighted as follows:

Special Assessment Fund

The Special Assessment Fund accounts for the collection of sewer assessments levied against properties connected to the Town's sewer system. This reserve is dedicated to infrastructure improvements of the sewer system. This fund completed the fiscal year with a \$0.02 million deficit. Income was generated primarily from sewer connection assessments collected during the year of \$0.1 million, investment income of \$0.23 million and accrual of an unrealized investment loss of \$0.20 million. Annually, realized investment income generated in this fund is transferred to the Sewer Operating Fund to offset debt service costs related to the Clean Water Fund note repayment to the State of Connecticut. This note funded recent improvements to the Water Pollution Control facility. In addition, \$0.24 million was allocated for sewer infrastructure improvement projects.

Capital Reserve Projects Fund

This fund accounts for activity of capital expenditures, exclusive of projects approved at referendum for bond financing. Projects accounted for in this fund are appropriated annually as part of the budget process and financed through the annual General Fund appropriation to the Capital and Nonrecurring Expenditures Fund, grants, and sewer assessment or user fees. During the year, the Town expended \$11.5 million for various capital projects and improvements. The fund balance increased \$1.4 million for a total of \$8.9 million at year end, all of which is committed for capital and infrastructure purposes.

Capital and Nonrecurring Expenditures Fund

This fund accounts for monies set aside for future capital improvements. Fund balance decreased \$2.3 million. In addition to \$5.9 million transferred in from the General Fund and \$0.7 million from closed capital projects, \$2.7 million was received from state and federal grants and \$0.1 million from investment income. \$10.9 million was transferred to the Capital Reserve Projects Fund for capital expenditures. The \$2.5 million fund deficit is the result of timing differences in funding projects and receiving grant reimbursements.

Land Acquisition Fund

The Land Acquisition Fund is used to account for appropriations and expenditures approved through the referendum process for land purchases through the Town's Reserve for Land Acquisition. Fund balance decreased \$1.1 million, due to the purchase of open space land.

General Fund Budgetary Highlights

The difference between the original budget and the final amended expenditure budget was \$7.6 million. The original budget was amended by actions recommended by the Board of Finance and approved by the Town Council following public hearings. The major additional appropriations approved during the year are summarized below:

- Increased Town and Education appropriations by \$3.4 million for reinstatement of State grants.
- Increased education appropriations by \$1.1 million to reflect the receipt of special education excess costs, transportation grants and community use custodial fee reimbursements.
- Increased transfers to the Capital Reserve Projects Fund by \$2.0 million to advance fund air conditioning project for elementary schools.

- Increased appropriations for encumbrances, capital outlay, and education unexpended fund carryovers from the prior fiscal year in the amount of \$0.9 million.
- Increased appropriations by \$0.2 million for purchases of various equipment.

During the year, actual revenues on a budgetary basis were \$160.7 million which was less than budgetary estimates by \$1.0 million. Significant contributions to this decrease were \$2.4 million intergovernmental revenues that were anticipated but not received, offset by unanticipated revenues from the following sources; property taxes and fees of \$0.6 million in excess of estimates, licenses and permits of \$0.4 million in excess of estimates, and investment income of \$0.5 million in excess of estimates.

Actual expenditures and transfers out on a budgetary basis totaled \$161.6 million, which is approximately \$1.3 million less than the amended budget of \$162.9 million. This variance is attributable to various savings across all departments of the Town.

Capital Asset and Debt Administration

Capital Assets. The Town of Glastonbury's investment in capital assets for its governmental activities as of June 30, 2018, amounted to \$531.4 million on a gross basis and \$297.3 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, computer software, park facilities, roads, sewers and bridges. The net increase in the Town of Glastonbury's investment in capital assets before depreciation for the fiscal year was \$12.4 million.

Table 4 - Capital Assets (Gross)
(in thousands)

	Governmental Activities	
	2018	2017
Land	\$ 44,634	\$ 44,556
Development rights	3,331	2,231
Construction in progress	1,451	1,757
Land improvements	42,413	41,136
Building and improvements	229,072	226,136
Machinery and equipment	53,287	51,050
Computer software	872	589
Infrastructure	156,380	151,560
Total	\$ 531,440	\$ 519,015

Major capital asset events during the current fiscal year included the following:

- Major projects capitalized from Construction in Progress (CIP) during the year included: replacement and renovation of the Eastern Boulevard bridge, completion of the New London Turnpike and Hebron Avenue roundabout, air conditioning for elementary schools, replacement of artificial turf at Glastonbury High School football field, rehabilitation of Blackledge Dam, and enhancements to public safety communication systems. Major additions to CIP include the street improvements at the Hebron Avenue and House Street intersection, Hebron Avenue resurfacing, library improvements, and generators for water pollution control pump stations.
- Purchase of land and development rights totaling \$1.1 million.

Additional information on the Town of Glastonbury's capital assets can be found at Note 6 of this report. Capital project expenditures can be found on pages 107-110.

Long-Term Debt.

At the end of the current fiscal year, the Town of Glastonbury had total bonded debt outstanding of \$44.9 million. 100% of this debt is backed by the full faith and credit of the Town government. The Town of Glastonbury maintains a AAA rating from Standard and Poor's and an Aaa rating from Moody's Investors Service.

The overall statutory debt limit for the Town of Glastonbury is equal to seven times annual receipts from taxation or \$995 million. As of June 30, 2018, the Town's recorded long-term debt of \$44.9 million is well below its statutory debt limits.

The Town did not issue long term debt during the year and has bond anticipation notes outstanding in the amount of \$1.65 million.

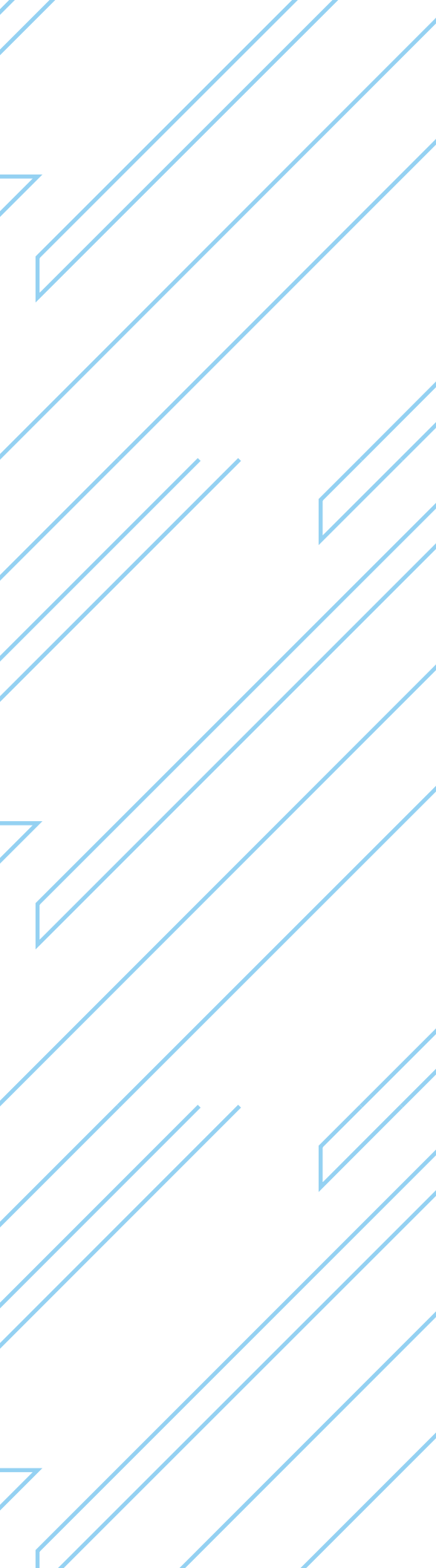
Additional information on the Town of Glastonbury's long-term debt can be found in Note 8 of this report.

Economic Factors

The Town of Glastonbury is well positioned to handle various economic conditions. Glastonbury receives a relatively small amount of State aid and, therefore, is more insulated from the impact of State revenue shortfalls than many other cities and towns in Connecticut. Even with an overwhelming reliance on property taxes and other revenues affected by current economic conditions, the Town has been able to adjust expenditures accordingly while maintaining services during these difficult economic conditions.

Requests for Information

The financial report is designed to provide a general overview of the Town of Glastonbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Administrative Services at 2155 Main Street, Glastonbury, CT 06033.



Basic Financial Statements

TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 48,871,969
Receivables, net of allowance of \$207,086	3,492,161
Inventory	215,743
Investments	19,622,743
Other assets	20,742
Total current assets	<u>72,223,358</u>
Noncurrent assets:	
Capital assets not being depreciated	49,415,859
Capital assets being depreciated, net of accumulated depreciation	247,838,933
Total noncurrent assets	<u>297,254,792</u>
Total assets	<u>369,478,150</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	1,539,583
Deferred outflows related to pension	8,403,882
Deferred outflows related to OPEB	1,636,995
Total deferred outflows of resources	<u>11,580,460</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	7,996,472
Due to developers for escrow deposits	771,364
Due to others for escrow deposits	214,613
Bond anticipation notes payable	1,650,000
Unearned revenue	1,183,538
Accrued interest payable	314,641
Noncurrent liabilities due within one year	7,419,082
Total current liabilities	<u>19,549,710</u>
Noncurrent liabilities due in more than one year	<u>126,848,397</u>
Total liabilities	<u>146,398,107</u>
Deferred Inflows of Resources:	
Advance tax payments	429,465
Deferred inflows related to OPEB	301,795
Total deferred inflows of resources	<u>731,260</u>
Net Position:	
Net investment in capital assets	237,663,538
Restricted for:	
Trust funds, nonexpendable	8,527
Unrestricted	<u>(3,742,822)</u>
Total Net Position	<u>\$ 233,929,243</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
General government services	\$ 4,906,496	\$ -	\$ 597,289	\$ -	(4,309,207)
Community development	1,915,888	1,076,329	-	-	(839,559)
Administrative services	6,522,052	1,881,947	-	-	(4,640,105)
Public safety	15,275,692	732,571	248,796	162,114	(14,132,211)
Physical services	11,818,642	37,441	-	3,149,186	(8,632,015)
Sanitation	3,789,056	3,525,324	90,605	-	(173,127)
Human services	3,093,526	180,479	137,125	-	(2,775,922)
Leisure/culture	8,463,475	1,891,739	41,602	20,332	(6,509,802)
Education	135,100,166	1,880,616	30,923,551	-	(102,295,999)
Interest on long-term debt	2,080,233	-	-	-	(2,080,233)
Total	\$ 192,965,226	\$ 11,206,446	\$ 32,038,968	\$ 3,331,632	(146,388,180)
General revenues:					
Property taxes					147,569,385
Grants and contributions not restricted to specific programs					120,474
Unrestricted investment earnings					856,465
Total general revenues					<u>148,546,324</u>
Change in Net Position					2,158,144
Net Position at Beginning of Year, as Restated					<u>231,771,099</u>
Net Position at End of Year					<u>\$ 233,929,243</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Assessment Fund</u>	<u>Capital Reserve Projects Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Land Acquisition</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 24,197,516	\$ 3,779,584	\$ 6,741,977	\$ -	\$ 1,320,619	\$ 6,442,887	\$ 42,482,583
Receivables, net of allowances for collection losses	1,560,944	501,053	-	-	-	287,332	2,349,329
Due from other funds	-	-	1,443,459	-	-	-	1,443,459
Inventory	192,828	-	-	-	-	22,915	215,743
Investments	6,200,294	9,719,837	1,837,186	-	359,868	1,505,558	19,622,743
Other assets	9,876	-	-	-	-	10,866	20,742
Total Assets	<u>\$ 32,161,458</u>	<u>\$ 14,000,474</u>	<u>\$ 10,022,622</u>	<u>\$ -</u>	<u>\$ 1,680,487</u>	<u>\$ 8,269,558</u>	<u>\$ 66,134,599</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other payables	\$ 4,442,431	\$ -	\$ 1,114,825	\$ -	\$ -	\$ 991,214	\$ 6,548,470
Due to other funds	38,581	-	-	1,443,459	-	-	1,482,040
Due to developers for escrow deposits	771,364	-	-	-	-	-	771,364
Due to others for escrow deposits	123,580	91,033	-	-	-	-	214,613
Bond anticipation notes	-	-	-	-	1,650,000	-	1,650,000
Unearned revenue	34,643	-	-	1,071,798	-	77,097	1,183,538
Total liabilities	<u>5,410,599</u>	<u>91,033</u>	<u>1,114,825</u>	<u>2,515,257</u>	<u>1,650,000</u>	<u>1,068,311</u>	<u>11,850,025</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	740,091	-	-	-	-	-	740,091
Unavailable revenue - special assessments	-	480,382	-	-	-	24,939	505,321
Unavailable revenue - other	-	-	-	-	-	3,093	3,093
Advance tax payments	253,240	-	-	-	-	-	253,240
Total deferred inflows of resources	<u>993,331</u>	<u>480,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,032</u>	<u>1,501,745</u>
Fund balances:							
Nonspendable	202,704	-	-	-	-	36,608	239,312
Restricted	-	-	-	-	-	1,663,022	1,663,022
Committed	-	13,429,059	8,907,797	-	30,487	5,473,585	27,840,928
Assigned	1,678,597	-	-	-	-	-	1,678,597
Unassigned	23,876,227	-	-	(2,515,257)	-	-	21,360,970
Total fund balances	<u>25,757,528</u>	<u>13,429,059</u>	<u>8,907,797</u>	<u>(2,515,257)</u>	<u>30,487</u>	<u>7,173,215</u>	<u>52,782,829</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,161,458</u>	<u>\$ 14,000,474</u>	<u>\$ 10,022,622</u>	<u>\$ -</u>	<u>\$ 1,680,487</u>	<u>\$ 8,269,558</u>	<u>\$ 66,134,599</u>

(Continued on next page)

TOWN OF GLASTONBURY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 52,782,829
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 531,439,746	
Less accumulated depreciation	<u>(234,184,954)</u>	
Net capital assets		297,254,792

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

Property tax and assessment receivables greater than 60 days	1,072,280	
Interest receivable on property taxes	465,000	
Interest receivable on sewer assessments	46,000	
Changes in pension deferred outflows	8,403,882	
Changes in OPEB deferred outflows	<u>1,636,995</u>	
		11,624,157

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

5,611,797

Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(44,925,000)
Bond premium, net of amortization	(1,860,800)
Deferred charges on refunding	1,539,583
Clean Water loans payable	(12,695,037)
Interest payable on bonds	(314,641)
Compensated absences	(4,211,625)
Net pension liability	(55,174,485)
Changes in pension deferred inflows	(301,795)
OPEB liability	<u>(15,400,532)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 233,929,243</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Special Assessment Fund	Capital Reserve Projects Fund	Capital and Nonrecurring Expenditures Fund	Land Acquisition	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes, interest and lien fees	\$ 147,560,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,560,197
Licenses and permits	1,442,652	-	-	-	-	-	1,442,652
Intergovernmental	8,166,349	-	-	2,679,162	-	3,187,901	14,033,412
Charges for services	1,518,887	175,024	-	-	-	6,432,415	8,126,326
Investment income	793,946	235,796	-	109,604	34,716	57,069	1,231,131
Unrealized investment loss	(181,482)	(201,208)	-	-	-	-	(382,690)
Other revenues	1,420,512	72	-	11,769	9,412	1,017,862	2,459,627
State payment for teacher's retirement system	20,613,490	-	-	-	-	-	20,613,490
Total revenues	<u>181,334,551</u>	<u>209,684</u>	<u>-</u>	<u>2,800,535</u>	<u>44,128</u>	<u>10,695,247</u>	<u>195,084,145</u>
Expenditures:							
Current:							
General government	3,038,972	-	-	-	-	-	3,038,972
Community development	1,857,926	-	-	-	-	-	1,857,926
Administrative services	5,948,465	-	-	-	-	245,737	6,194,202
Public safety	13,634,227	-	-	-	-	743,357	14,377,584
Physical services	6,943,112	-	-	-	-	-	6,943,112
Sanitation	725,610	-	-	-	-	1,737,476	2,463,086
Human services	2,787,792	-	-	-	-	-	2,787,792
Leisure/culture	5,239,873	-	-	-	-	1,512,406	6,752,279
Education	105,358,616	-	-	-	-	3,950,642	109,309,258
State payment for teacher's retirement system	20,613,490	-	-	-	-	-	20,613,490
Debt service	8,662,536	-	-	-	-	1,148,679	9,811,215
Capital outlay	-	-	11,522,076	-	1,162,485	1,346,472	14,031,033
Total expenditures	<u>174,810,619</u>	<u>-</u>	<u>11,522,076</u>	<u>-</u>	<u>1,162,485</u>	<u>10,684,769</u>	<u>198,179,949</u>
Revenues over (under) Expenditures	<u>6,523,932</u>	<u>209,684</u>	<u>(11,522,076)</u>	<u>2,800,535</u>	<u>(1,118,357)</u>	<u>10,478</u>	<u>(3,095,804)</u>
Other Financing Sources (Uses):							
Sale of general capital assets	11,485	-	-	-	-	-	11,485
Transfers in	-	200,000	12,958,110	5,893,159	-	718,296	19,769,565
Transfers out	(7,433,600)	(438,296)	(60,000)	(10,958,110)	-	(879,559)	(19,769,565)
Total other financing sources (uses)	<u>(7,422,115)</u>	<u>(238,296)</u>	<u>12,898,110</u>	<u>(5,064,951)</u>	<u>-</u>	<u>(161,263)</u>	<u>11,485</u>
Net Change in Fund Balances	(898,183)	(28,612)	1,376,034	(2,264,416)	(1,118,357)	(150,785)	(3,084,319)
Fund Balances at Beginning of Year	<u>26,655,711</u>	<u>13,457,671</u>	<u>7,531,763</u>	<u>(250,841)</u>	<u>1,148,844</u>	<u>7,324,000</u>	<u>55,867,148</u>
Fund Balances at End of Year	<u>\$ 25,757,528</u>	<u>\$ 13,429,059</u>	<u>\$ 8,907,797</u>	<u>\$ (2,515,257)</u>	<u>\$ 30,487</u>	<u>\$ 7,173,215</u>	<u>\$ 52,782,829</u>

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TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (3,084,319)

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.

Capital outlay	\$ 12,793,052	
Depreciation expense	(12,597,488)	
Capital contributions	20,332	
Disposals	<u>(166,347)</u>	
		49,549

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes and assessments collected after 60 days	(168,101)	
Interest income on property taxes	146,000	
Interest income on sewer assessments	<u>10,000</u>	
		(12,101)

Deferred outflow - change in pension actuarial experience		1,507,115
Deferred outflow - change in pension assumptions		2,327,553
Deferred outflow - change in pension investment earnings		(2,992,005)
Deferred outflow - change in OPEB actuarial experience		1,055,546
Deferred outflow - change in OPEB assumptions		580,551
Deferred outflow - change in OPEB investment earnings		898

The issuance of long-term debt (e.g., bonds) 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. This amount is the net effect of these differences in the treatment of long-term debt.

Change in accrued interest	78,826	
Principal payments on bonds	6,810,000	
Principal payments on Clean Water loans payable	885,160	
Change in bond premium	535,006	
Change in deferred charge on refunding	(578,013)	
Change in pension liability	(3,893,909)	
Deferred inflow - change in actuarial assumptions	196,699	
Change in OPEB liability	<u>(1,883,063)</u>	
		2,150,706

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.

Change in long-term compensated absences		272,033
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The net expense of certain activities of internal service funds is reported in governmental activities		<u>302,618</u>
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Change in Net Position of Governmental Activities (Exhibit II)		<u>\$ 2,158,144</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,389,386
Accounts receivable, net	631,832
Due from other funds	<u>38,581</u>
Total current assets	<u>7,059,799</u>
Liabilities:	
Current liabilities:	
Claims payable	1,228,863
Administration expense payable	<u>219,139</u>
Total current liabilities	<u>1,448,002</u>
Net Position:	
Unrestricted	<u>\$ 5,611,797</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Employer contributions	\$ 15,594,196
Employee contributions	3,710,977
Total operating revenues	<u>19,305,173</u>
Operating Expenses:	
Claims incurred	16,980,273
Administration	2,030,306
Total operating expenses	<u>19,010,579</u>
Operating Income	294,594
Nonoperating Revenues:	
Investment income	<u>8,024</u>
Change in Net Position	302,618
Net Position at Beginning of Year	<u>5,309,179</u>
Net Position at End of Year	<u>\$ 5,611,797</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 20,096,717
Claims paid	(17,202,066)
Payments for administration	(2,066,612)
Net cash provided by (used in) operating activities	<u>828,039</u>
Cash Flows from Investing Activities:	
Investment income (loss)	<u>8,024</u>
Net Increase (Decrease) in Cash and Cash Equivalents	836,063
Cash and Cash Equivalents - Beginning of Year	<u>5,553,323</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,389,386</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 294,594
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	830,125
Increase (decrease) in claims payable	(221,793)
Increase (decrease) in administration payable	<u>(36,306)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 828,039</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,015,216	\$ 1,253,831
Investments, at fair value:		
Mutual funds	142,046,267	-
Limited partnerships	8,556,693	-
Total assets	<u>151,618,176</u>	<u>1,253,831</u>
Liabilities:		
Due to student groups	-	1,203,582
Due to others	-	50,249
Total liabilities	<u>-</u>	<u>1,253,831</u>
Net Position:		
Restricted for Pension and OPEB Benefits	<u>\$ 151,618,176</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 8,530,038
Employee	1,861,582
Total contributions	<u>10,391,620</u>
Investment income:	
Net change in fair value of investments	7,671,795
Interest and dividends	3,135,029
	<u>10,806,824</u>
Less investment expenses:	
Investment management fees	62,832
Net investment income	<u>10,743,992</u>
Total additions	<u>21,135,612</u>
Deductions:	
Benefit payments	9,303,054
Administration fees	109,011
Total deductions	<u>9,412,065</u>
Change in Net Position	11,723,547
Net Position at Beginning of Year	<u>139,894,629</u>
Net Position at End of Year	<u>\$ 151,618,176</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Glastonbury, Connecticut (the Town) was incorporated in 1693. The Town operates under the Town Manager/Town Council/Board of Finance form of government and provides the following services: General Government, Community Development, Administrative Services, Public Safety, Physical Services, Sanitation, Human Services, Leisure/Culture and Education. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

The following is a summary of the more significant accounting policies used by the Town.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Statement Codification Section 2100 have been considered, and there are no agencies or entities which should be presented with the Town.

B. Basis of Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus and follow 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 an enforceable legal claim exists and when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, when levied for, intergovernmental revenue, when eligibility requirements are met, licenses, charges for services and interest associated with the current fiscal period, are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Town, or specifically identified.

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, pension and other post-employment benefits, pollution remediation and claims and judgments, are recorded only when payment is due (matured).

The Town reports the following major governmental funds:

The *General Fund* is the government'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 *Special Assessment Fund - Sewer Sinking Fund* accounts for the financing of public improvements of services deemed to benefit the properties against which special assessments are levied.

The *Capital Reserve Projects Fund* accounts for various projects funded by the Capital and Nonrecurring Expenditure Fund.

The *Capital and Nonrecurring Expenditures Fund* accounts for the funds set aside for future capital improvements.

The *Land Acquisition Fund* accounts for various land acquisitions.

The Town reports the following internal service fund:

The *Self-Insurance Reserve Fund* accounts for risk financing activities for medical and dental insurance benefits under GASB Statement No. 10.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Additionally, the Town reports the following fiduciary fund types:

The *Pension and Other Employee Benefit Trust Funds* account for the accumulation of resources to be used for retirement benefits and other post-employment benefits.

Agency Funds account for monies held as a custodian for student groups and employees of the Town.

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 certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for 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.

C. Cash and Cash Equivalents

The Town considers all highly liquid investments and those with original maturities of three months or less when purchased to be cash equivalents.

D. Investments

Investments in real estate funds, collective trusts and the pooled separate account of the net assets are stated at fair value of the respective funds. Certificates of deposit are stated at fair market value. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

E. Inventories

All inventories are valued at cost. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

F. Receivables and Payables

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

G. Capital Assets

Capital assets include land, land development rights, land improvements, buildings, equipment, computer software and infrastructure assets (such as roads, bridges and sidewalks) and are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000 for machinery and equipment and computer software, \$25,000 for land improvements, \$50,000 for buildings and \$250,000 for infrastructure. 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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>
Land improvements	20
Buildings and improvements	50
Machinery and equipment	5-20
Computer software	5
Infrastructure	20-40

In the governmental fund financial statements, capital outlay (assets) are reported as expenditures and no depreciation is recognized.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding 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. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

In addition to liabilities, the statement of financial 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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources for advance property tax collections and deferred inflows of resources related to pension and OPEB in the government-wide statement of net position. Advance

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, and other. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

I. Compensated Absences

Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Sick leave and vacation leave expenditures are recognized in the governmental fund financial statements in the current year to the extent they have matured (that is, only the amounts of reimbursable unused vacation leave or sick leave payable to employees who had terminated their employment as of the end of the fiscal year are recognized.) Amounts are typically liquidated by the general fund.

Vacation and sick leave expenses to be paid in future periods are accrued when earned by employees in the government-wide financial statements.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, and debt service payments, are reported as debt service expenditures.

K. Pension Accounting

Pension trust fund

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Net pension liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Funding policy

The Town funds the contributions to its pension plan based on the actuarial required valuations, at the Board of Finance's discretion.

L. OPEB Accounting

OPEB trust fund

Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide the contributions.

Net OPEB liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Funding policy

The Town makes annual contributions based on the actuaries' recommendation, at the Board of Finance's discretion.

M. Appropriations Continued in Force

Appropriations continued in force represent unperformed contracts for goods or services. Approved purchase orders, contracts and other commitments for the expenditure of resources are recorded as supplemental appropriations to the following year's budget. Appropriations continued in force do not constitute expenditures or liabilities.

N. Fund Equity and Net Position

Equity in the government-wide financial statements is defined as net position, and is classified in the following categories:

Net Investment in Capital Assets

This category includes all capital assets, including infrastructure, less accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Restricted Net Position

These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the Town that is not restricted for any project or other purpose by third parties.

In the fund financial statements, the Town reported the following governmental fund balances:

Nonspendable Fund Balance

These amounts cannot be spent because they are not in spendable form or because they are legally or contractually required to be maintained.

Restricted Fund Balance

These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Glastonbury Town Council is the highest level of decision making authority for the Town and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

Assigned Fund Balance

This represents amounts constrained to be used for a specific purpose by the Town Council upon recommendation of the Board of Finance and, as applicable, in accordance with policy and procedures outlined in the Town Charter.

Unassigned Fund Balance

The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

O. Property Taxes

Property taxes are assessed as of October 1 and levied for on the following July 1. Taxes are overdue on August 1. Interest at the rate of 1-1/2% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. If real estate taxes are unpaid as of June 30 following the payable date, a lien is placed on the property.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

P. Accounting Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Town establishes its General Fund budget in accordance with the provisions of its Charter and the Connecticut General Statutes. The budget is adopted in accordance with accounting principles generally accepted in the United States of America, except that certain on-behalf payments are not recognized for budgetary purposes.

The budget reflected in the financial statements was adopted at the Final Budget Hearing. Supplemental appropriations require approval of the Council and Board of Finance in accordance with Charter provisions. Transfers and supplemental appropriations were approved during the year in accordance with the provisions of the Town's Charter and the Connecticut General Statutes.

Annual operating budgets are prepared and employed for management control only in the General Fund. Therefore, only the General Fund has a statement of revenues, expenditures and changes in fund balance - budget and actual included in the basic financial statements. Unexpended appropriations of the General Fund lapse at fiscal year-end. While project and object budgets are not legally adopted for the Capital Projects Funds, they are employed as a management tool and do not lapse at year-end.

Each year the Town adopts a five-year Capital Improvement Program. The program has two processes: a planning process and a budgetary process. Annually, the Town Council is provided with a five-year planning document which prioritizes the implementation of projects based on community needs. The Town Council evaluates the plan and establishes its priorities, as well as the years for project implementation. Thereafter, the Town Manager revises the plan to include the budgetary funding recommendations for the next fiscal year and forwards the document to the Board of Finance for its review as part of the annual budgetary process.

Expenditures may not legally exceed budgeted appropriations at the object level. Budget transfers within a department can be authorized by the Town Manager when the amount is less than \$5,000 within any department and does not include additional staffing or monies to acquire capital items deleted in prior budgets. Transfers greater than \$5,000 within departments must be approved by the Board of Finance. Other transfers between departments require Council and Board of Finance approval. However, such transfers may occur only after April 1 of the fiscal year. For the year ended June 30, 2018, supplemental appropriations in the amount of \$7,645,040 (which included \$436,668 from the unexpended education fund) were approved by the Council and the Board of Finance.

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

3. DEFICIT FUND EQUITY

The following funds had a deficit fund balance at June 30, 2018:

Capital Projects:		
Capital and Nonrecurring Expenditures	\$	2,515,257

Deficits in the Capital and Nonrecurring Expenditures Fund will be funded by additional grants and donations.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

The Town has a policy that deposits may be maintained only in financial institutions which are approved by the Board of Finance and Town Council. Town policy follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based on the bank’s risk-based capital ratio.

Investments

The Town does not have a custodial credit risk policy for investments. The Town does have a policy for investments, but does not have a policy for related credit risk for debt securities. Town policy for eligible investments is governed by State of Connecticut statutes which, in general, allow the Town to invest in obligations of the United States or United States government-sponsored corporations, or in any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer’s Short-Term Investment Fund. Trust funds may also be invested in corporate bonds and securities and commercial paper.

The Town’s investment policy for its pension funds states the investments shall be allocated in a manner designed to provide a long-term investment return greater than the actuarial assumption, maximize investment return commensurate with appropriate levels of risk, and comply with the Employee Retirement Income Security Act of 1974 in investing the funds in a manner consistent with ERISA’s fiduciary standards. The Town has targeted the following as part of its long-term asset allocation strategy:

<u>Asset Class</u>	<u>Min. Weight</u>	<u>Max. Weight</u>
Money Market	0.00%	5.00%
Fixed Income	25.00%	40.00%
Domestic Equities	25.00%	40.00%
International Equities	15.00%	30.00%
Real Estate	0.00%	7.50%
Other	0.00%	7.50%

Concentration of Credit Risk

This is the risk of loss due to the magnitude of a government’s investment in a single issuer. The Town’s policy is to diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Town may invest any portion of its portfolio in U.S. Treasury obligations, U.S. government agency securities and instrumentalities of government-sponsored corporations, or certificates of deposit with commercial banks or savings and loan associations. A maximum of 35% of the portfolio may be invested in repurchase agreements for overnight sweep only. Up to 50% of the portfolio may be invested in a cooperative liquid asset securities system. To further diversify by financial institution, no more than 33% of the total certificates of deposit may be invested with any one financial institution.

Deposit Custodial Credit Risk

This is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$26,624,529 of the Town's bank balance of \$38,274,807 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,841,334
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,783,195</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 26,624,529</u>

Custodial Credit-Investments Risk

This is the risk that in the event of the failure of the counterparty (such as a broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As indicated above, State statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State statutes. Due to the types of investments owned by the Town and pension plans, the Town does not have custodial credit risk for investments.

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy is to mitigate interest rate risk by structuring the Town's portfolio so that securities mature to meet the Town's cash requirements, thereby avoiding the need to sell securities on the open market prior to their maturity, and by investing primarily in shorter-term securities unless it is anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements.

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Certificates of deposit	*	\$ 19,622,743	<u>\$ 3,087,378</u>	<u>\$ 16,535,365</u>	<u>\$ -</u>
Other Investments:					
Mutual funds	N/A	142,046,267			
Limited partnerships	N/A	<u>8,556,693</u>			
Total Investments		<u>\$ 170,225,703</u>			

N/A - Not Applicable

* Subject to coverage by Federal Depository Insurance and Collateralization

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

At June 30, 2018, the Town's cash equivalents amounted to \$12,409,521. The State of Connecticut Short-Term Investment Fund (STIF), is a 2a-7 like pool. The value of the position in the pool is the same as the value of the pool shares. Regulatory oversight for STIF is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board.

	<u>Standard & Poor's</u>
State of Connecticut Short-Term Investment Fund (STIF)	AAAm
Wells Fargo Money Market	*
Bank of America Money Market	*

* Not Rated

Fair Value Measurement

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	<u>June 30, 2018</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 142,046,267	\$ 142,046,267	\$ -	\$ -
Investments measured at net asset value (NAV):				
Limited partnerships	<u>8,556,693</u>			
Total investments	<u>\$ 150,602,960</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques.

Limited partnerships investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies technique.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Barings core property fund LP	\$ 8,556,693	\$ -	Quarterly	60 days
Total investments measured at NAV	<u>8,556,693</u>			

Real Estate Funds

The Barings Core Property Fund (BCPF or the Fund) is a diversified, core, open-end commingled fund primarily of stabilized, income-producing, equity real estate. It is structured as a limited partnership with a private REIT subsidiary. The Fund seeks to provide attractive total returns with reduced risk. The Fund has both relative and real return objectives over the longer term: its relative performance objective is to exceed the NCREIF Fund Index-Open-End Diversified Core Equity (NFI-ODCE), and its return objective is to achieve at least a 5% real rate of return, before advisory fees. The Fund is diversified by property type and geography. It has historically provided quarterly cash flow distributions and is open to contributions and redemptions on a quarterly basis.

5. FUND RECEIVABLES

Receivables at June 30, 2018, including the applicable allowances for collection losses, are as follows:

	<u>General Fund</u>	<u>Special Assessment Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes *	\$ 1,194,882	\$ -	\$ -	\$ 1,194,882
Assessments and user charges	-	535,906	711,811	1,247,717
Allowance for collection losses	(132,000)	(54,000)	(21,086)	(207,086)
Net taxes and assessments receivable	<u>1,062,882</u>	<u>481,906</u>	<u>690,725</u>	<u>2,235,513</u>
Intergovernmental	21,500		102,699	124,199
Other receivables	<u>476,562</u>	<u>19,147</u>	<u>125,740</u>	<u>621,449</u>
Net Receivables	<u>\$ 1,560,944</u>	<u>\$ 501,053</u>	<u>\$ 919,164</u>	<u>\$ 2,981,161</u>

* Interest on delinquent taxes are not included

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 44,555,708	\$ 78,207	\$ -	\$ 44,633,915
Development rights	2,231,097	1,099,610	-	3,330,707
Construction in progress	1,756,809	9,535,425	9,840,997	1,451,237
Total capital assets not being depreciated	<u>48,543,614</u>	<u>10,713,242</u>	<u>9,840,997</u>	<u>49,415,859</u>
Capital assets being depreciated:				
Land improvements	41,136,102	1,277,168	-	42,413,270
Buildings and improvements	226,136,387	2,935,138	-	229,071,525
Machinery and equipment	51,050,002	2,625,486	388,755	53,286,733
Computer software	588,774	283,359	-	872,133
Infrastructure	151,560,238	4,819,988	-	156,380,226
Total capital assets being depreciated	<u>470,471,503</u>	<u>11,941,139</u>	<u>388,755</u>	<u>482,023,887</u>
Less accumulated depreciation for:				
Land improvements	14,651,644	2,007,766	-	16,659,410
Buildings and improvements	66,850,404	4,414,227	-	71,264,631
Machinery and equipment	24,739,466	2,864,236	222,408	27,381,294
Computer software	445,156	72,583	-	517,739
Infrastructure	115,123,204	3,238,676	-	118,361,880
Total accumulated depreciation	<u>221,809,874</u>	<u>12,597,488</u>	<u>222,408</u>	<u>234,184,954</u>
Total capital assets being depreciated, net	<u>248,661,629</u>	<u>(656,349)</u>	<u>166,347</u>	<u>247,838,933</u>
Governmental Activities Capital Assets, Net	<u>\$ 297,205,243</u>	<u>\$ 10,056,893</u>	<u>\$ 10,007,344</u>	<u>\$ 297,254,792</u>

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

Governmental Activities:	
General government	\$ 198,030
Community development	12,251
Administrative services	58,086
Public safety	863,417
Physical services	3,605,866
Sanitation	1,279,738
Human services	201,652
Leisure / culture	1,245,127
Education	<u>5,133,321</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,597,488</u>

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

A. Construction Commitments

The Town has the following construction commitments as of June 30, 2018:

	<u>Project Authorization</u>	<u>Expended to June 30, 2018</u>	<u>Outstanding Construction Commitments</u>
Capital Reserve Projects:			
Bridge Replacement/Rehabilitation	\$ 3,050,000	\$ 2,443,436	\$ 129,767
Hebron Avenue Resurfacing	1,250,000	413,489	657,622
Town Center Traffic/Street Improvement	2,125,000	2,007,797	115,483
Parks Facility Renovation/Expansion	917,500	580,733	336,502
Hebron Ave/House St Improvements	1,975,000	623,221	1,066,016
Schools Air Conditioning	2,650,000	1,383,593	818,923
Gideon Welles Window Replacement	<u>1,723,842</u>	<u>1,687,509</u>	<u>30,492</u>
Total	<u>\$ 13,691,342</u>	<u>\$ 9,139,778</u>	<u>\$ 3,154,805</u>

The commitments are being financed with capital reserve fund monies, general obligation bonds, private donations, and state and federal grants.

7. INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2018 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service	General Fund	\$ 38,581
Capital Reserve Projects Fund	Capital and Nonrecurring Expenditures Fund	<u>1,443,459</u>
		<u>\$ 1,482,040</u>

The outstanding balance between funds result mainly from the timing between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Interfund transfers during the year ended June 30, 2018 were as follows:

	Transfer In				Total
	Special Assessment Fund	Capital Reserve Projects Fund	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	
Transfers out:					
General Fund	\$ -	\$ 2,000,000	\$ 5,213,600	\$ 220,000	\$ 7,433,600
Special Assessment Fund	-	-	-	438,296	438,296
Capital Reserve Projects Fund	-	-	-	60,000	60,000
Capital and Nonrecurring Expenditures Fund	-	10,958,110	-	-	10,958,110
Nonmajor Governmental Funds	200,000	-	679,559	-	879,559
Total Transfers In	<u>\$ 200,000</u>	<u>\$ 12,958,110</u>	<u>\$ 5,893,159</u>	<u>\$ 718,296</u>	<u>\$ 19,769,565</u>

Transfers are used to move resources from the General Fund and Special Assessment Fund to nonmajor funds and from nonmajor funds and the Capital and Nonrecurring Expenditures Fund to the Capital Reserve Projects Fund. As projects are closed, revenues in excess of expenditures are transferred back to the resource funds. The General Fund may also transfer amounts to the Capital and Nonrecurring Fund or directly to Capital Projects.

8. LONG-TERM LIABILITIES

A summary of changes in long-term obligations during the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 51,735,000	\$ -	\$ 6,810,000	\$ 44,925,000	\$ 6,420,000
Premium on bonds	2,395,806	-	535,006	1,860,800	-
Clean Water loans payable	13,580,197	-	885,160	12,695,037	903,026
Compensated absences	4,483,658	118,752	390,785	4,211,625	96,056
Pension liability	51,280,576	3,893,909	-	55,174,485	-
OPEB liability	13,517,469	1,883,063	-	15,400,532	-
Total Long-Term Liabilities	<u>\$ 136,992,706</u>	<u>\$ 5,895,724</u>	<u>\$ 8,620,951</u>	<u>\$ 134,267,479</u>	<u>\$ 7,419,082</u>

With the exception of the Clean Water Fund Loan, all long-term liabilities are generally liquidated by the General Fund.

Clean Water Fund debt repayment will be through user fees, allocation of investment income from Sewer Sinking Fund and General Fund, as applicable.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

General obligation bonds currently outstanding are as follows:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Decreases</u>	<u>Ending Balance</u>
General obligation bonds:							
Schools:							
School bonds	\$ 1,000,000	04/15/09	04/15/29	2.00-4.50%	\$ 450,000	\$ 50,000	\$ 400,000
Refunding bonds	7,370,000	04/15/09	08/01/21	2.00-5.00%	2,030,000	760,000	1,270,000
Refunding bonds	19,555,000	11/15/10	05/15/25	2.00-5.00%	10,236,000	1,379,000	8,857,000
School bonds	2,715,000	11/15/11	05/15/26	2.00-3.00%	1,940,000	155,000	1,785,000
Refunding bonds	11,675,000	06/27/12	06/30/26	2.00-5.00%	9,440,000	835,000	8,605,000
Refunding bonds	6,385,000	05/15/14	08/01/28	2.00-5.00%	3,741,500	1,165,500	2,576,000
Total schools					<u>27,837,500</u>	<u>4,344,500</u>	<u>23,493,000</u>
General purpose:							
Improvement bonds	7,000,000	04/15/09	04/15/29	2.00-4.50%	3,150,000	350,000	2,800,000
Refunding bonds	2,135,000	04/15/09	08/01/21	2.00-5.00%	665,000	215,000	450,000
Refunding bonds	8,995,000	11/15/10	05/15/25	2.00-5.00%	4,694,000	641,000	4,053,000
Land	3,680,000	11/15/11	05/15/26	2.00-3.00%	2,705,000	195,000	2,510,000
Refunding bonds	2,870,000	06/27/12	06/30/26	2.00-5.00%	2,175,000	250,000	1,925,000
Improvement bonds	8,950,000	10/10/13	10/01/33	3.00-4.625%	8,240,000	375,000	7,865,000
Refunding bonds	3,095,000	05/15/14	08/01/28	2.00-5.00%	2,268,500	439,500	1,829,000
Total general purpose					<u>23,897,500</u>	<u>2,465,500</u>	<u>21,432,000</u>
Total general obligation bonds					<u>\$ 51,735,000</u>	<u>\$ 6,810,000</u>	<u>\$ 44,925,000</u>

Annual debt service requirements to maturity for general obligation bonds and loans are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,420,000	\$ 1,614,068	\$ 8,034,068
2020	5,125,000	1,402,267	6,527,267
2021	5,100,000	1,224,474	6,324,474
2022	4,975,000	1,013,599	5,988,599
2023	4,675,000	837,124	5,512,124
2024-2028	14,185,000	2,026,267	16,211,267
2029-2033	3,915,000	478,709	4,393,709
2034	530,000	12,252	542,252
	<u>\$ 44,925,000</u>	<u>\$ 8,608,760</u>	<u>\$ 53,533,760</u>

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Clean Water Fund loans have an interest rate of 2% and the annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 903,026	\$ 245,653	\$ 1,148,679
2020	921,253	227,426	1,148,679
2021	939,848	208,831	1,148,679
2022	958,818	189,861	1,148,679
2023	978,172	170,508	1,148,680
2024-2028	5,195,106	548,290	5,743,396
2029-2030	2,798,814	72,885	2,871,699
	<u>\$ 12,695,037</u>	<u>\$ 1,663,454</u>	<u>\$ 14,358,491</u>

A. Bond Anticipation Notes Payable

Bond anticipation notes totaling \$1,650,000, which were issued to temporarily finance land acquisitions, matured in November 2017. During November 2017, bond anticipation notes totaling \$1,650,000 were issued with an interest rate of 0.47%, which mature on July 26, 2018.

Bond anticipation note transactions for the year ended June 30, 2018 were as follows:

Outstanding, July 1, 2017	\$ 1,650,000
New borrowings	1,650,000
Repayments	<u>(1,650,000)</u>
Outstanding, June 30, 2018	<u>\$ 1,650,000</u>

B. Bonds Authorized But Unissued

The bonds authorized and unissued at June 30, 2018 are \$8,230,000 for land/open space.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 319,788,297	\$ 31,312,000	\$ 288,476,297
Schools	639,576,594	23,493,000	616,083,594
Sewers	532,980,495	12,695,038	520,285,457
Urban Renewal	461,916,429	-	461,916,429
Pension deficit	426,384,396	-	426,384,396

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation \$995 million.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	General Fund	Special Assessment Fund	Capital Reserve Projects Fund	Capital and Nonrecurring Expenditures Fund	Land Acquisition	Nonmajor Governmental Funds	Total
Fund balances:							
Nonspendable:							
Prepaid items	\$ 9,876	\$ -	\$ -	\$ -	\$ -	\$ 5,166	\$ 15,042
Inventory	192,828	-	-	-	-	22,915	215,743
Required to be retained in perpetuity	-	-	-	-	-	8,527	8,527
Restricted for:							
Law enforcement acquisitions	-	-	-	-	-	12,176	12,176
Education	-	-	-	-	-	664,581	664,581
Road construction and maintenance	-	-	-	-	-	134,406	134,406
Library acquisitions	-	-	-	-	-	139,793	139,793
Riverfront community center	-	-	-	-	-	183,715	183,715
Human services programs	-	-	-	-	-	12,665	12,665
Parks and recreation	-	-	-	-	-	117,636	117,636
Public safety programs	-	-	-	-	-	299,123	299,123
Other programs	-	-	-	-	-	98,927	98,927
Committed to:							
Town facility improvements	-	-	1,131,491	-	-	-	1,131,491
School improvements	-	-	1,695,493	-	-	-	1,695,493
Regional dispatch center	-	-	132,023	-	-	-	132,023
Street improvements and realignment	-	-	2,890,809	-	-	-	2,890,809
Land acquisition	-	-	-	-	30,487	-	30,487
Bridge and dam replacement/maintenance	-	-	690,318	-	-	-	690,318
Sewer infrastructure	-	13,429,059	-	-	-	1,852,896	15,281,955
Sewer plant operations	-	-	-	-	-	1,115,718	1,115,718
Other capital projects	-	-	1,017,157	-	-	47,049	1,064,206
Police private duty	-	-	-	-	-	528,743	528,743
Camp Sunrise	-	-	-	-	-	21,276	21,276
Recreation programs	-	-	1,350,506	-	-	1,012,497	2,363,003
Insurance reserve	-	-	-	-	-	418,260	418,260
Riverfront Park operations	-	-	-	-	-	238,299	238,299
Planetarium operations	-	-	-	-	-	51,974	51,974
Golf course maintenance	-	-	-	-	-	186,873	186,873
Assigned to:							
Subsequent year's budget	575,000	-	-	-	-	-	575,000
Capital outlay in subsequent year	216,738	-	-	-	-	-	216,738
Education surplus carried to subsequent year	667,038	-	-	-	-	-	667,038
Continued appropriations	219,821	-	-	-	-	-	219,821
Unassigned	23,876,227	-	-	(2,515,257)	-	-	21,360,970
Total Fund Balance	\$ 25,757,528	\$ 13,429,059	\$ 8,907,797	\$ (2,515,257)	\$ 30,487	\$ 7,173,215	\$ 52,782,829

Significant encumbrances of \$3,575,077 and \$5,070,878 are included in the Capital Reserve Projects Fund and nonmajor funds, respectively, at June 30, 2018.

10. EMPLOYEE RETIREMENT PLAN

A. Pension Trust Fund

The Town of Glastonbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits to substantially all full-time employees. Excluded from this plan are Highway, Fleet Maintenance, Facilities and Sanitation employees hired after January 1, 2013, unaffiliated Town employees hired after June 1, 2013 and certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Both the employer and the employee are obligated to contribute to this plan. The PERS is a defined benefit pension plan and is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. Stand-alone reports are not available.

The management and administration of the pension plan is vested with the Town Manager. The Town Council has the power to make reasonable rules and regulations for carrying out the provision of the plan, as well as to authorize revisions and amendments to plan provisions.

Plan Description and Benefits Provided

The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. Employees are eligible to participate in the Plan upon the completion of one year of continuous service. Connecticut General Statutes assign the authority to the Town to create and amend Plan benefit provisions by ordinance or resolution. Under the Plan, all employees, except police, are partially vested after 5 years of service. All Plan members are 100% vested after 10 years of service. Plan members receive a retirement benefit when they retire at normal retirement age, which may vary by group. The Plan also provides early retirement options at a reduced retirement benefit, which may also vary by employee group.

The benefit formula for most divisions is 1.75% of final earnings up to \$15,000 plus 2.25% of final earnings in excess of \$15,000 multiplied by years of credited service. Other divisions range from 2.00% to 2.50% of final earnings multiplied by years of credited service. For non-affiliated employees hired after June 1, 2013 the benefit formula is 1.5% of final earnings multiplied by years of credited service up to a maximum of 30 years. For police officers hired after January 1, 2013 there is a 35-year maximum on years of credited service. The defined benefit pension plan was closed to two bargaining unit groups effective January 1, 2013. These employees participate in a Defined Contribution plan.

Plan membership consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries currently receiving benefits	323
Terminated employees entitled to benefits but not yet receiving them	122
Current plan members	<u>441</u>
 Total	 <u><u>886</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Contributions

Participants are required to contribute a percent of payroll, which varies by group. For 2018, the contribution rates for the following employee groups were 5.75% for all unaffiliated Town employees and Housing Authority employees; 4.75% for Board of Education employees; 6.50% for highway employees; 6.75% for Wastewater/Building Maintenance employees; 6.00% for dispatchers; and 7.75% for Police.

Administrative costs of the Plan are financed through investment earnings.

Funding Policy

The employee contribution rate to the Plan varies by division. The Town has a funding policy whereby contributions will be based on the Actuarially Determined Contribution (ADC) provided annually as part of the annual actuarial valuation. The Town is required to contribute the amount necessary to finance the benefits for its employees. Benefits are fixed by, and may be amended by, union negotiations.

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Investments

Investment Policy

The pension plan’s policy in regard to the allocation of investment of assets is established by and may be amended by the Board of Finance by a majority vote of its members. It is the policy of the Board that plan assets be invested in accordance with sound investment practices that emphasize the fundamentals of long-term investing. Consistent with this effort assets shall be guided to achieve a long-term return that meets or exceeds the actuarial target of the plan, maintains sufficient liquidity to meet the obligations of the Plan, diversify the assets of the Plan in order to reduce risk, achieve investment results over the long-term that compare favorably with those of other pension plans, professionally managed portfolios and appropriate market indexes and prudently manage the inherent investment risks related to the achievement of investment objectives. The following was the Board’s adopted asset allocation target per their adopted policy as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Money Market	0.00 %
Domestic Equities	32.50
International Equities	24.00
Fixed Income	32.50
Real Estate	5.00
Inflation Protection	<u>6.00</u>
Total	<u><u>100.00 %</u></u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2018 were as follows:

Total pension liability	\$ 202,019,589
Plan fiduciary net position	<u>(146,845,104)</u>
Town’s Net Pension Liability	<u>\$ 55,174,485</u>
Plan fiduciary net position as a percentage of the total pension liability	72.69%

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Graded by age from 6.50% to 3.00%
Investment rate of return	6.625% for Non-hybrid plan, and 5.000% for Hybrid plan, net of pension plan investment expense, including inflation

Mortality rates for healthy annuitants was based on the RP-2000 Mortality Table for employees and healthy annuitants, with separate male and female rates, with generational projection per Scale AA. Mortality rates for disabled annuitants was based on the RP-2000 Disabled Mortality Table for males and females.

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 as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad U.S. Equities	4.86 %
Core Fixed Income	2.65
Developed Foreign Equities	5.79
Non-U.S. Fixed Income	1.01
Private Real Estate Property	3.85
Emerging Market Equities	8.12
Inflation-Indexed Bonds	1.81
Core Bonds	2.50
Commodities	3.07

Discount Rate

The discount rate used to measure the total pension liability was 6.625%. 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 GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 187,359,615	\$ 136,079,039	\$ 51,280,576
Changes for the year:			
Service cost	4,159,188	-	4,159,188
Interest on total pension liability	12,876,054	-	12,876,054
Effect of plan changes	(33,783)	-	(33,783)
Effect of economic/demographic gains or losses	2,427,429	-	2,427,429
Effect of assumptions changes or inputs	3,835,590	-	3,835,590
Employer contributions	-	7,137,123	(7,137,123)
Member contributions	-	1,861,582	(1,861,582)
Net investment income (loss)	-	10,469,718	(10,469,718)
Benefit payments, including refund to employee contributions	(8,604,504)	(8,604,504)	-
Administrative expenses	-	(97,854)	97,854
Net changes	<u>14,659,974</u>	<u>10,766,065</u>	<u>3,893,909</u>
Balances as of June 30, 2018	<u>\$ 202,019,589</u>	<u>\$ 146,845,104</u>	<u>\$ 55,174,485</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.625%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.625%) or 1 percentage point higher (7.625%) than the current rate:

	1% Decrease (5.625%)	Current Discount Rate (6.625%)	1% Increase (7.625%)
Town's Net Pension Liability	\$ 82,405,779	\$ 55,174,485	\$ 35,670,301

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town recognized pension expense of \$9,991,670. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,289,909	\$ 301,795
Changes of assumptions	4,662,639	-
Net difference between projected and actual earning on pension plan investments	<u>451,334</u>	<u>-</u>
Total	<u>\$ 8,403,882</u>	<u>\$ 301,795</u>

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

Year Ending June 30,

2019	\$ 4,114,055
2020	2,595,130
2021	307,942
2022	<u>1,084,960</u>
	<u>\$ 8,102,087</u>

B. Teacher Retirement

Plan Description

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

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.

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Normal Retirement

Retirement benefits for 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 with reduced benefit amounts.

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.

Contributions

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 approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, 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.

Employees

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

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, 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 amount 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>161,548,380</u>
Total	\$	<u>161,548,380</u>

**TOWN OF GLASTONBURY, CONNECTICUT
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JUNE 30, 2018**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$18,686,429 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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%.

TOWN OF GLASTONBURY, CONNECTICUT
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JUNE 30, 2018

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Liquidity fund	6.0%	0.4%
	<hr/>	
Total	<u>100.0%</u>	

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 State contributions will be made at the actuarially determined contribution rates in the future years. 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.

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.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town instituted a policy providing 40% to 50% of certain health care benefits for retired employees. Substantially all of the Town's employees may become eligible for those benefits, if they retire under a normal retirement or with disability.

A. Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of postemployment healthcare in the year when the employee services are received, discloses the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

B. Plan Description

The Town provides postemployment benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2017. The post-retirement plan does not issue stand-alone financial reports.

Management of the postemployment benefits plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Board of Finance.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Entry Age Normal Method.

Membership in the plan consisted of the following at July 1, 2017, the date of the last actuarial valuation.

Retirees and beneficiaries currently receiving benefits	168
Active plan members	<u>861</u>
Total	<u><u>1,029</u></u>

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

C. Investments

Investment Policy

OPEB Benefits Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Finance by a majority vote of its members. It is the policy of the Board of Finance to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The Town’s net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB liability	\$ 20,173,604
Plan fiduciary net position	<u>4,773,072</u>
 Net OPEB Liability	 <u><u>\$ 15,400,532</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 23.66%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	Graded based on service for Teachers and Administrators; Graded based on age for Town
Investment rate of return	6.625%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.48% - 4.50% over 56 years

Mortality rates for Teachers and Administrators were based on the RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using scale AA, with a two-year age setback. Mortality rates for all others, were based on the RP-2000 Healthy Mortality Table for males and females with full generational projection per Scale AA, with separate tables for active employees and annuitants.

The plan has not had a formal actuarial experience study performed.

TOWN OF GLASTONBURY, CONNECTICUT
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The long-term expected rate of return on OPEB 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 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>
U.S. Intermediate Bonds	30.00 %		2.20 %
U.S. Equity Market	35.00		4.86
Global Equity	25.00		5.23
U.S. Inflation-Indexed Bonds	10.00		1.81
Total	<u>100.00 %</u>		

Discount Rate

The discount rate used to measure the total OPEB liability was 6.625%, a decrease from the prior year rate of 6.91%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances as of July 1, 2017	\$ 17,333,059	\$ 3,815,590	\$ 13,517,469
Changes for the year:			
Service cost	490,603	-	490,603
Interest on total OPEB liability	1,207,883	-	1,207,883
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	1,187,489	-	1,187,489
Effect of assumptions changes or inputs	653,120	-	653,120
Benefit payments	(698,550)	(698,550)	-
Employer contributions	-	1,392,915	(1,392,915)
Member contributions	-	-	-
Net investment income	-	274,274	(274,274)
Administrative expenses	-	(11,157)	11,157
Balances as of June 30, 2018	<u>\$ 20,173,604</u>	<u>\$ 4,773,072</u>	<u>\$ 15,400,532</u>

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.625%) or 1 percentage point higher (7.625%) than the current discount rate:

	<u>1% Decrease (5.625%)</u>	<u>Current Discount Rate (6.625%)</u>	<u>1% Increase (7.625%)</u>
Net OPEB Liability	\$ 17,922,001	\$ 15,400,532	\$ 13,276,084

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.48% decreasing to 4.5%) or 1 percentage point higher (6.48% decreasing to 4.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 12,844,441	\$ 15,400,532	\$ 18,521,758

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,638,983. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,055,546	\$ -
Changes of assumptions	580,551	-
Net difference between projected and actual earning on pension plan investments	<u>898</u>	<u>-</u>
Total	<u>\$ 1,636,995</u>	<u>\$ -</u>

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2019	\$	204,736
2020		204,736
2021		204,736
2022		204,738
2023		204,512
Thereafter		<u>613,537</u>
	\$	<u><u>1,636,995</u></u>

12. PENSION AND OPEB COMBINING SCHEDULES

Pension and OPEB Combining Statement of Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Trust Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,006,326	\$ 8,890	\$ 1,015,216
Investments, at fair value:			
Mutual funds	137,282,085	4,764,182	142,046,267
Limited partnerships	<u>8,556,693</u>	<u>-</u>	<u>8,556,693</u>
Total assets	<u>146,845,104</u>	<u>4,773,072</u>	<u>151,618,176</u>
Net Position:			
Restricted for Pension and OPEB Benefits	<u>\$ 146,845,104</u>	<u>\$ 4,773,072</u>	<u>\$ 151,618,176</u>

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Pension and OPEB Combining Statement of Changes in Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 7,137,123	\$ 1,392,915	\$ 8,530,038
Employee	<u>1,861,582</u>	<u>-</u>	<u>1,861,582</u>
Total contributions	<u>8,998,705</u>	<u>1,392,915</u>	<u>10,391,620</u>
Investment income:			
Net change in fair value of investments	7,504,458	167,337	7,671,795
Interest and dividends	<u>3,028,092</u>	<u>106,937</u>	<u>3,135,029</u>
	10,532,550	274,274	10,806,824
Less investment expenses:			
Investment management fees	<u>62,832</u>	<u>-</u>	<u>62,832</u>
Net investment income	<u>10,469,718</u>	<u>274,274</u>	<u>10,743,992</u>
Total additions	<u>19,468,423</u>	<u>1,667,189</u>	<u>21,135,612</u>
Deductions:			
Benefit payments	8,604,504	698,550	9,303,054
Administration fees	<u>97,854</u>	<u>11,157</u>	<u>109,011</u>
Total deductions	<u>8,702,358</u>	<u>709,707</u>	<u>9,412,065</u>
Change in Net Position	10,766,065	957,482	11,723,547
Net Position at Beginning of Year	<u>136,079,039</u>	<u>3,815,590</u>	<u>139,894,629</u>
Net Position at End of Year	<u>\$ 146,845,104</u>	<u>\$ 4,773,072</u>	<u>\$ 151,618,176</u>

13. OTHER POST EMPLOYMENT BENEFIT - CONNECTICUT TEACHERS RETIREMENT PLAN

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

**TOWN OF GLASTONBURY, CONNECTICUT
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Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

**TOWN OF GLASTONBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>41,580,719</u>
Total	<u>\$ 41,580,719</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,927,061 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB 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	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

14. DEFINED CONTRIBUTION PLAN

The Town established a defined contribution plan for certain employee groups. Employees are eligible to participate after completing one year of service as follows:

Highway/Fleet Maintenance

For employees hired after January 1, 2013 the Town contributes 6.5% of wages and the employee contributes up to 6.5%.

Sanitation/Facilities

For employees hired after January 1, 2013 the Town contributes 6.5% of wages with a mandatory employee contribution of 4% with a 6.5% maximum.

Unaffiliated Town

For employees hired after June 1, 2013 the Town contributes 3% of wages and the employees contribute a minimum of 2% with a maximum of 3%.

The vesting schedules vary by employee group, but employees are fully vested after ten years of service.

Employees have the right to self-direct their contributions in the defined contribution plan among the investment options offered by the plan administrator as selected by the Town.

During the fiscal year ended June 30, 2018, employees contributed \$71,585 and the Town contributed a matching employer contribution of \$88,781. Covered payroll totaled \$2,218,183.

15. RISK MANAGEMENT

The Town maintains insurance to provide for losses of property or the results of litigation. The Town is a member of the CIRMA Liability, Automobile, Property pool program, which includes 151 members. Premiums were paid by the Town and Board of Education in the amount of \$514,756 and \$456,138, respectively, for the LAP pool program and for excess liability coverage during the fiscal year ended June 30, 2018. The insurance policy provisions cover general business liabilities and umbrella liability, as well as various other coverages. There are various deductibles dependent on the type of coverage. There were no significant reductions from the previous year in insurance coverages during the fiscal year ended June 30, 2018. All policy deductibles and uninsured losses are funded by insurance accounts included under Administrative Services in the General Fund. The Town had no settlements which exceeded insurance coverage for the fiscal years ended June 30, 2016, 2017 or 2018.

Additionally, the Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 212 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage periods for each fiscal year will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid for the year ended June 30, 2018 was \$1,261,932, inclusive of the Board of Education. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$750,000 per occurrence. Claims over \$750,000 are reinsured.

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Town health benefits are provided through an Internal Service Fund. The Health Insurance Reserve Fund accounts for medical claim activity and service fees on a self-insured basis. Town liability is limited through the purchase of Individual Stop Loss (ISL) and Aggregate Stop Loss (ASL) coverage that caps the Town’s liability annually to \$200,000 per participant and 120%/125% of total expected claims, respectively. Anthem, Connecticare and Delta Dental are the Town’s medical providers and they each administer payment of claims directly to the providers. The Town works with a consultant to analyze claims, calculate the incurred but not reported (IBNR) claims liability at year end and advise the Town on all health insurance related issues throughout the year. The Town adheres to a conservative reserve policy that, at a minimum, requires the Town to maintain a reserve level that will meet the total of the difference between the maximum liability and amounts budgeted, the incurred but not reported claims and ten percent (10%) of budgeted health care premiums. Approval of the Town Council is required for the use of any excess reserves and is limited to offset future health related costs.

The following is a schedule of changes in the aggregate liabilities for claims:

	<u>Liability</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
2017 - 2018	\$ 1,450,656	\$ 16,980,273	\$ 17,202,066	\$ 1,228,863
2016 - 2017	1,221,603	17,850,694	17,621,641	1,450,656

Premiums are paid into the Self-Insurance Reserve Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. All liabilities are expected to be paid within one year.

16. OPERATING LEASES

The Town has several operating leases for various computer equipment for use at various schools. The leases are classified as operating leases, which do not give rise to property rights or lease obligations. In most cases, management expects leases will be renewed or replaced by other leases in the normal course of business.

Rental expense for all operating leases for the year ended June 30, 2018 was \$816,410.

The following is a schedule of future payments on operating leases:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2019	\$ 771,153
2020	427,149
2021	<u>82,650</u>
	<u>\$ 1,280,952</u>

**TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

17. COMMITMENTS AND CONTINGENCIES

The Town is currently a defendant in a number of lawsuits. Management and legal counsel believe that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

18. SUBSEQUENT EVENTS

On July 12, 2018, the Town issued \$2,735,000 of General Obligation Bonds, Issue of 2018, Series A with interest rates ranging from 2.00% to 5.00% and a maturity date of July 15, 2038, \$3,800,000 of General Obligation Refunding Bonds, Issue of 2018, Series B with an interest rate of 5.00% maturing on July 15, 2025 and \$1,305,000 General Obligation Bond Anticipation Notes with an interest rate of 1.70% and a maturity date of July 25, 2019.

The Bond Anticipation notes of \$1,650,000 maturing on July 26, 2018 were paid off through the bonds and notes issued on July 12, 2018.

19. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Balance as previously reported June 30, 2017	\$ 242,337,546
Eliminate Net OPEB Obligation reported per GASB No. 45	2,951,022
Record Net OPEB Liability per GASB No. 75	<u>(13,517,469)</u>
Balance July 1, 2017, as Restated	<u>\$ 231,771,099</u>

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Required Supplementary Information

TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 146,986,165	\$ 146,986,165	\$ 147,560,197	\$ 574,032
Licenses and permits	1,051,100	1,051,100	1,442,652	391,552
Intergovernmental	3,534,606	10,565,540	8,166,349	(2,399,191)
Charges for services	1,792,290	1,810,090	1,518,887	(291,203)
Unrealized (gain) loss	-	-	(181,482)	(181,482)
Investment income	315,000	315,000	793,946	478,946
Other revenue	1,007,072	1,007,072	1,431,997	424,925
Total revenues	<u>154,686,233</u>	<u>161,734,967</u>	<u>160,732,546</u>	<u>(1,002,421)</u>
Expenditures:				
Current:				
General government	3,056,303	3,114,744	3,038,972	75,772
Community development	1,937,698	1,962,109	1,857,926	104,183
Administrative services	5,579,754	5,816,928	5,707,607	109,321
Public safety	13,327,239	14,019,341	13,634,227	385,114
Physical services	6,691,374	6,981,452	6,943,112	38,340
Sanitation	780,913	802,919	725,610	77,309
Human services	2,910,763	2,974,128	2,787,792	186,336
Leisure/culture	5,374,418	5,531,578	5,239,873	291,705
Education	100,894,967	104,911,670	104,911,670	-
Debt service	8,975,000	8,670,000	8,662,536	7,464
Total expenditures	<u>149,528,429</u>	<u>154,784,869</u>	<u>153,509,325</u>	<u>1,275,544</u>
Excess of revenues over expenditures	<u>5,157,804</u>	<u>6,950,098</u>	<u>7,223,221</u>	<u>273,123</u>
Other Financing Sources (Uses):				
Transfers in				
Use of fund balance	575,000	575,000	-	(575,000)
Transfers out	<u>(5,732,804)</u>	<u>(8,121,404)</u>	<u>(8,121,404)</u>	<u>-</u>
Total other financing uses	<u>(5,157,804)</u>	<u>(7,546,404)</u>	<u>(8,121,404)</u>	<u>(575,000)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>(596,306)</u>	(898,183)	\$ <u>(301,877)</u>
Budgetary Fund Balance at Beginning of Year			<u>26,655,711</u>	
Budgetary Fund Balance at End of Year			\$ <u>25,757,528</u>	

TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION
LAST FIVE FISCAL YEARS *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 3,202,640	\$ 3,546,691	\$ 3,830,151	\$ 3,976,246	\$ 4,159,188
Interest	10,850,500	11,234,997	11,748,111	12,330,029	12,876,054
Effect of plan changes	-	-	(26,085)	11,568	(33,783)
Effect of economic/demographic gains or losses	-	(711,983)	(316,829)	2,217,622	2,427,429
Effect of assumption changes or inputs	-	927,997	2,408,881	550,555	3,835,590
Benefit payments, including refunds of member contributions	<u>(6,386,200)</u>	<u>(6,801,280)</u>	<u>(7,173,284)</u>	<u>(7,657,362)</u>	<u>(8,604,504)</u>
Net change in total pension liability	7,666,940	8,196,422	10,470,945	11,428,658	14,659,974
Total pension liability - beginning	<u>149,596,650</u>	<u>157,263,590</u>	<u>165,460,012</u>	<u>175,930,957</u>	<u>187,359,615</u>
Total pension liability - ending	<u>157,263,590</u>	<u>165,460,012</u>	<u>175,930,957</u>	<u>187,359,615</u>	<u>202,019,589</u>
Plan fiduciary net position:					
Contributions - employer	5,771,396	6,001,585	6,118,624	6,325,363	7,137,123
Contributions - member	1,675,096	1,627,914	1,631,107	1,705,360	1,861,582
Net investment income (loss)	17,267,726	1,126,546	(1,510,983)	15,358,365	10,469,718
Benefit payments, including refunds of member contributions	<u>(6,386,200)</u>	<u>(6,801,280)</u>	<u>(7,158,404)</u>	<u>(7,657,362)</u>	<u>(8,604,504)</u>
Administrative expense	<u>(141,637)</u>	<u>(204,307)</u>	<u>(152,285)</u>	<u>(94,494)</u>	<u>(97,854)</u>
Net change in plan fiduciary net position	18,186,381	1,750,458	(1,071,941)	15,637,232	10,766,065
Plan fiduciary net position - beginning	<u>101,576,909</u>	<u>119,763,290</u>	<u>121,513,748</u>	<u>120,441,807</u>	<u>136,079,039</u>
Plan fiduciary net position - ending	<u>119,763,290</u>	<u>121,513,748</u>	<u>120,441,807</u>	<u>136,079,039</u>	<u>146,845,104</u>
Net Pension Liability - Ending	<u>\$ 37,500,300</u>	<u>\$ 43,946,264</u>	<u>\$ 55,489,150</u>	<u>\$ 51,280,576</u>	<u>\$ 55,174,485</u>
Plan fiduciary net position as a percentage of the total pension liability	76.15%	73.44%	68.46%	72.63%	72.69%
Covered-employee payroll	\$ 24,455,208	\$ 27,153,582	\$ 26,362,701	\$ 27,677,315	\$ 28,655,358
Net pension liability as a percentage of covered-employee payroll	153.34%	161.84%	210.48%	185.28%	192.55%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarially determined contribution	\$ 2,371,688	\$ 5,054,637	\$ 4,930,505
Contributions in relation to the actuarially determined contribution	<u>2,371,688</u>	<u>4,002,757</u>	<u>4,782,742</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 1,051,880</u>	<u>\$ 147,763</u>
Covered-employee payroll	23,390,208	24,409,943	24,923,408
Contributions as a percentage of covered-employee payroll	10.14%	16.40%	19.19%

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2018

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed, 15 years remaining
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Graded by age from 6.50% to 3.00%
Investment rate of return	6.625% for Non-Hybrid plan, 5.000% for Hybrid plan
Retirement age	Age 65 for non-police; age 55 for police with 25 years of service hired on or after January 1, 2013; age 55 for police with 20 years of service hired before January 1, 2013
Mortality	Healthy: RP-2000 Mortality Table for employees and healthy annuitants, with separate male and female rates, with generational projection per Scale AA Disabled: RP-2000 Disabled Mortality Table for males and females

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	4,753,626	\$ 5,130,000	\$ 5,771,396	\$ 6,001,585	\$ 6,118,624	\$ 6,325,363	\$ 7,193,600
	<u>4,753,626</u>	<u>5,130,000</u>	<u>5,771,396</u>	<u>6,001,585</u>	<u>6,118,624</u>	<u>6,325,363</u>	<u>7,137,123</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,477</u>
	25,346,833	26,408,569	24,455,208	27,153,582	26,362,701	27,677,315	28,655,358
	18.75%	19.43%	23.60%	22.10%	23.21%	22.85%	24.91%

**TOWN OF GLASTONBURY, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 PENSION
 LAST FIVE FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	16.50%	0.92%	(1.2%)	12.43%	7.51%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	0.00%	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 the Town	<u>120,207,941</u>	<u>130,053,006</u>	<u>170,434,778</u>	<u>161,548,380</u>
Total	<u>\$ 120,207,941</u>	<u>\$ 130,053,006</u>	<u>\$ 170,434,778</u>	<u>\$ 161,548,380</u>
Town's covered payroll	\$ 46,123,485	\$ 47,748,108	\$ 47,896,842	\$ 48,175,430
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST TWO FISCAL YEARS*

	<u>2017</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 514,970	\$ 490,603
Interest	1,141,882	1,207,883
Differences between expected and actual experience	-	1,187,489
Changes of assumptions	(124,569)	653,120
Benefit payments	<u>(696,124)</u>	<u>(698,550)</u>
Net change in total OPEB liability	836,159	2,840,545
Total OPEB liability - beginning	<u>16,496,900</u>	<u>17,333,059</u>
Total OPEB liability - ending	<u>17,333,059</u>	<u>20,173,604</u>
Plan fiduciary net position:		
Contributions - employer	925,241	1,392,915
Net investment income	372,700	274,274
Benefit payments	(696,124)	(698,550)
Administrative expense	<u>(3,897)</u>	<u>(11,157)</u>
Net change in plan fiduciary net position	597,920	957,482
Plan fiduciary net position - beginning	<u>3,217,670</u>	<u>3,815,590</u>
Plan fiduciary net position - ending	<u>3,815,590</u>	<u>4,773,072</u>
Net OPEB Liability - Ending	<u>\$ 13,517,469</u>	<u>\$ 15,400,532</u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.01%	23.66%
Covered-employee payroll	\$ 68,158,459	\$ 68,158,459
Net OPEB liability as a percentage of covered-employee payroll	19.83%	22.60%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarially determined contribution (1)	\$ 1,151,000	\$ 1,212,300	\$ 1,264,000
Contributions in relation to the actuarially determined contribution	<u>768,460</u>	<u>775,900</u>	<u>814,000</u>
Contribution Deficiency (Excess)	<u>\$ 382,540</u>	<u>\$ 436,400</u>	<u>\$ 450,000</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2018

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.70%
Healthcare cost trend rates	5.48% - 4.50%, over 56 years
Salary increases	3.50%, average, including inflation
Investment rate of return	6.625%, net of pension plan investment expense, including inflation
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	RP-2000 Combined Healthy and Disabled Mortality, Male and Female, with generational projection per Scale AA.

Other Information:

The results of the 2015 actuarial valuation reflect a modification to benefit terms that increased retiree copayments for prescription drugs. The results of the 2013 actuarial valuation reflect the addition of vision benefits.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,330,000	\$ 1,478,000	\$ 1,556,000	\$ 1,528,458	\$ 1,634,197	\$ 1,321,393	\$ 1,392,913
<u>1,220,000</u>	<u>1,141,000</u>	<u>1,088,000</u>	<u>1,381,616</u>	<u>1,522,386</u>	<u>925,241</u>	<u>1,392,915</u>
\$ <u>110,000</u>	\$ <u>337,000</u>	\$ <u>468,000</u>	\$ <u>146,842</u>	\$ <u>111,811</u>	\$ <u>396,152</u>	\$ <u>(2)</u>
\$ N/A	\$ 62,606,000	\$ 62,606,000	\$ 64,192,394	\$ 64,192,394	\$ 68,158,459	\$ 68,158,459
N/A	1.82%	1.74%	2.15%	2.37%	1.36%	2.04%

**TOWN OF GLASTONBURY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST TWO FISCAL YEARS***

	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	10.80%	6.09%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF BLUM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR***

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>41,580,719</u>
Total	<u>\$ 41,580,719</u>
Town's covered payroll	\$ 48,175,430
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms
Changes of assumptions

None

The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.

Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.

As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Appendix B

Opinion of Bond Counsel and Tax Status

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

The following information has been prepared by Bond Counsel in connection with this note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Glastonbury
Glastonbury, Connecticut

We have represented the Town of Glastonbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$1,710,000 Bond Anticipation Notes, dated as of July 25, 2019.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Glastonbury is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that 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 heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Notes will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Notes are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant

to Section 103 of the Code; (2) the Notes are not “private activity bonds” and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) the Notes are “qualified tax-exempt obligations” for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on 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.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Notes. Failure to comply with any of these requirements may cause the interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt “private activity bonds” is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not “private activity bonds” so that interest on the Notes will not be treated as a preference item for individuals.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes will be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity (“qualified stated interest”), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity (“original issue discount”). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent

manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on 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.

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such notes.

GENERAL.

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax

advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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Appendix C

Form of Continuing Disclosure Agreement

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:

Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of July 25, 2019 by the Town of Glastonbury, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$1,710,000 Bond Anticipation Notes, dated as of July 25, 2019 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"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. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) 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 material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

Event (h). The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

Events (o) and (p). The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 4. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time 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 within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance and Administrative Services, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance and Administrative Services is Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 6. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) 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 of 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 provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF GLASTONBURY

By: _____
Richard J. Johnson
Town Manager

By: _____
Julie B. Twilley
Treasurer

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Appendix D

Notice of Sale and Bid Form

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NOTICE OF SALE
\$1,710,000
Town of Glastonbury, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

TELEPHONE PROPOSALS, SEALED PROPOSALS, and ELECTRONIC BIDS via PARITY® will be received by the Town of Glastonbury, Connecticut at Town Hall, Office of the Town Manager, 2155 Main Street, Glastonbury, Connecticut 06033 until **11:30 A.M. Eastern Time on WEDNESDAY,**

JULY 10, 2019

for the purchase of \$1,710,000 Bond Anticipation Notes of the Town of Glastonbury, dated July 25, 2019, maturing on July 24, 2020 (the "Notes").

The Town will designate the Notes as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. 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 ("DTC"), New York, New York, 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 \$5,000 or any integral multiple 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 Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; 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 or Indirect 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 Notes 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 Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below,

Telephone Proposals Bidding Procedure. Telephone bids for the purchase of the Notes will be received on behalf of the Town by telephone call to an authorized agent of Phoenix Advisors, LLC, the Town's Municipal Advisor until 11:30 A.M. (Eastern Time) on the day of the sale at (860) 652-7500.

Sealed Proposals Bidding Procedure. All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Glastonbury Notes." All proposals should be addressed to Mr. Richard J. Johnson, Town Manager, Town of Glastonbury, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). 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, 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. **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®, the use of such facilities being the sole risk of the prospective bidder.**

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. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

Basis of Award. As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any

premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. 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.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town's Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town's Municipal Advisor.

By submitting a bid for the Notes, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation 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 Requirements") because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;

2. all bidders shall have an equal opportunity to bid;
3. the Town may receive 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 highest price (or lowest 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.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the "10% Test") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the "Hold-The-Offering-Price Rule", as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, 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 retail 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 retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, 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 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 other than an Underwriter or a Related Party,
2. "Underwriter" means (A) 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 (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public

(including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),

3. a purchaser of any of the Notes is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. "Sale Date" means the date that the Notes are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, 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, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and the Notes are "qualified tax-exempt obligations"; and (3) 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 interest on 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.

Municipal Advisor. The Town of Glastonbury has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 to serve as its municipal advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of Glastonbury has prepared a preliminary Official Statement for the Note issue which is dated July 2, 2019. The Town deems such preliminary 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 each winning purchaser five copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. 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 Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial 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.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. 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 Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Notes. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services 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.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on July 25, 2019.

More Information. For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Ms. Julie B. Twilley, Treasurer, Town of Glastonbury, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033 (telephone: (860) 652-7586).

RICHARD J. JOHNSON,
Town Manager

JULIE B. TWILLEY,
Treasurer

July 2, 2019

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF GLASTONBURY, CONNECTICUT
\$1,710,000 BOND ANTICIPATION NOTES, DATED JULY 25, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. ***Defined Terms.***

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is July 10, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (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 paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of Glastonbury, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF GLASTONBURY, CONNECTICUT
\$1,710,000 BOND ANTICIPATION NOTES, DATED JULY 25, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter (“Underwriter Short Name”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”).

1. **Sale of the Notes.** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) “**Issuer**” means the Town of Glastonbury, Connecticut.

(b) “**Maturity**” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “**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. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “**Underwriter**” means (i) any person that agrees pursuant to a written contract with the Issuer (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 paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

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PROPOSAL FOR NOTES

July 10, 2019

Mr. Richard J. Johnson
Town Manager
Town of Glastonbury
Town Hall
2155 Main Street
Glastonbury, Connecticut 06033

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated July 2, 2019 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$1,710,000 Bond Anticipation Notes of the Town of Glastonbury, dated July 25, 2019, maturing July 24, 2020, we bid the following:

Principal Amount	\$ _____	Principal Amount	\$ _____
Interest Rate	_____ %	Interest Rate	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Rate	_____ % (four decimals)	Net Interest Rate	_____ % (four decimals)
Principal Amount	\$ _____	Principal Amount	\$ _____
Interest Rate	_____ %	Interest Rate	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Rate	_____ % (four decimals)	Net Interest Rate	_____ % (four decimals)

Name of Bidder: _____
Address of Bidder: _____
Signature of Officer or Authorized Agent of Bidder: _____
Telephone Number: _____

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal:

Gross Interest	\$	_____	
Less Premium	\$	_____	
Net Interest Cost	\$	_____	
Percent Net Interest Cost		_____	%
		(four decimals)	

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