

OFFICIAL STATEMENT

NEW ISSUE

Rating: See "Rating" herein

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrued or receipt of interest on, the Bonds. (See "Tax Matters" herein.)

TOWN OF GRANBY CONNECTICUT

\$5,000,000 General Obligation Bonds, Issue of 2021, Series C (the "Bonds")

BANK QUALIFIED, BOOK-ENTRY-ONLY

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

Interest on the Bonds will first be payable on January 15, 2022 and semiannually thereafter on July 15 and January 15 in each year until maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, and interest on, the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein).

The Bonds ARE subject to redemption prior to maturity. See "Redemption Provisions" herein.

The Bonds will be certified by U.S. Bank National Association, Corporate Trust, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, CT 06103 which will also act as Registrar, Paying Agent, Transfer Agent and Certifying Agent for the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford and Bridgeport, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York, or its agents, on or about July 28, 2021.

R.W. Baird & Co. Inc.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Dated: July 14, 2021

\$5,000,000 General Obligation Bonds, Issue of 2021, Series C

Dated: Date of Delivery

Due: July 15 as shown below

MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Due</u>	<u>Amount</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>
2022	\$250,000	5.00	0.13	385118 LB8	2032	\$250,000	05.00	1.05	385118 LM4
2023	250,000	5.00	0.18	385118 LC6	2033	250,000	4.00	1.10	385118 LN2
2024	250,000	5.00	0.27	385118 LD4	2034	250,000	2.00	1.40	385118 LP7
2025	250,000	5.00	0.38	385118 LE2	2035	250,000	2.00	1.50	385118 LQ5
2026	250,000	5.00	0.48	385118 LF9	2036	250,000	2.00	1.60	385118 LR3
2027	250,000	5.00	0.59	385118 LG7	2037	250,000	2.00	1.70	385118 LS1
2028	250,000	5.00	0.70	385118 LH5	2038	250,000	2.00	1.80	385118 LT9
2029	250,000	5.00	0.80	385118 LJ1	2039	250,000	2.00	1.90	385118 LU6
2030	250,000	5.00	0.90	385118 LK8	2040	250,000	2.00	1.95	385118 LV4
2031	250,000	5.00	1.00	385118 LL6	2041	250,000	2.00	2.00	385118 LW2



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

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds 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.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; and (ix) other factors contained in this Official Statement.

BOND ISSUE SUMMARY

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

Issuer:	Town of Granby, Connecticut (the “Town”)
Issue:	\$5,000,000 General Obligation Bonds, Issue of 2021, Series C
Federal Tax ID:	06-6002005
Dated Date:	July 28, 2021
Interest Due:	January 15, 2022 and each July 15 and January 15 thereafter
Principal Due:	July 15, 2022 – 2041
Purpose and Authority:	See “Authorization” and “Authorization and Purpose” herein.
Redemption:	The Bonds ARE subject to redemption prior to maturity. See “Redemption Provisions” herein.
Security:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	S&P Global Ratings rates the Bonds and the Town’s currently outstanding Bonds as “AA+” (See “Ratings” herein”).
Basis of Award:	Lowest True Interest Cost (TIC), as of dated date
Tax Exemption:	Refer to “Tax Matters” section and Appendix B, "Form of Opinion of Bond Counsel" herein.
Continuing Disclosure:	Refer to Appendix C, “Form of Continuing Disclosure Agreement for Bonds”.
Bank Qualification:	The Bonds 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 Bonds.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Corporate Trust, CityPlace I, 185 Asylum Street,, Hartford, CT 06103
Legal Opinion:	Pullman & Comley, LLP of Hartford and Bridgeport will act as Bond Counsel. Contact: Marie V. Phelan, Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103-3702. Email: mphelan@pullcom.com
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 28, 2021. Delivery of the Bonds will be made against payment in Federal funds.
Issuer Official:	Questions concerning this Official Statement should be directed to: Mr. William F. Smith, Jr., Town Manager, 15 North Granby Road, Granby, CT 06035. Phone: (860) 844-5300. Fax: (860) 653-4769. Email: townmanager@granby-ct.gov
Financial Advisor:	DIXWORKS LLC, 4624 Bonsai Drive, Boynton Beach, FL 33436-5916. Contact: Dennis Dix, Jr., Principal. Phone: (860) 559-5112. Fax: (860) 955-4500. Email: dixworks@comcast.net . James Nytko, Managing Director, Local Government Solutions LLC, 66 Garrity Blvd., Brewster, NY 10509. Phone: (845) 464-3625. Fax: (845) 259-1804. Email: jnytko@govsol.org .

I. BOND INFORMATION

Introduction

This Official Statement, including the cover page, the inside cover page, and appendices, is provided for the purpose of presenting certain information relating to the Town of Granby, Connecticut, (the "Town") in connection with the issuance and sale of \$5,000,000 General Obligation Bonds, Issue of 2021, Series C (the "Bonds").

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. 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 and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information 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 information in this Official Statement has been prepared by the Town's Financial Advisor, DIXWORKS LLC, Boynton Beach, Florida (the "Municipal Advisor"), from information supplied by Town officials and other sources as indicated. The Municipal Advisor does not assume responsibility for the sufficiency, accuracy, or completeness of the statements made herein and makes no representation that it has independently verified the same. DIXWORKS LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, or of underwriting, trading, or distributing municipal or other public securities. The Town and the Municipal Advisor have entered into a financial advisory agreement to conform to Municipal Securities Rulemaking Board (MSRB) Rule G-23.

Set forth in Appendix A – "Basic Financial Statements" 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 are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in Appendix B "Form of Opinion of Bond Counsel" herein) and they make no representation that they have independently verified the same.

Global Health Emergency Risk

The COVID-19 Outbreak

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

State and Local Efforts to Mitigate the Ongoing Impact of COVID-19

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the "State") and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. Although public-schools began to operate remotely immediately following the outbreak and continued remotely through the 2019/2020 school year. For the 2020/2021 school year, schools were permitted to reopen and school districts were given the discretion to choose in-person learning, virtual learning or a hybrid model.

Due to a decline in the number of positive COVID-19 cases and hospitalizations, effective May 19, 2021, all capacity restrictions related to establishments and social/recreational gatherings were eliminated. The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions. Physical distancing and face-covering requirements remain in effect.

Connecticut's COVID-19 vaccination plan commenced on December 14, 2020, and the State is currently making vaccinations available to all individuals aged 12 and over.

On March 19, 2020, the Town declared a local state of emergency. Effective March 20, 2020, the Town's government offices were closed to the public, except by appointment only for essential or emergency business including land recording, title searches, and necessary filings. As of May 19, 2021, Town offices have reopened to the public.

The Granby Public Schools opened the 2020-2021 school year with a hybrid model for elementary schools but a fully remote model for middle and high school students. Since September 18, 2020, all students returned to a full in-person learning model.

The potential long-term impact of the COVID-19 pandemic on the Town cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town's finances.

COVID-19 Outbreak – Municipal Tax Relief Programs

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S ("Order 7S"), as amended by Executive Order No. 7W on April 9, 2020 ("Order 7W"), which created two short-term tax relief programs and required all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments and benefit assessments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable on overdue tax and assessment payments for all taxpayers in the municipality for three months.

All municipalities were directed to notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it intended to elect. On April 20, 2020, the Town's Board of Selectmen elected to participate in the Low Interest Rate Program only. The "Low Interest Rate Program" lowered the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges (collectively, the "Taxes and Charges") that were due between April 1, 2020 and July 1, 2020 and were not paid on time and also those which were already delinquent before April 1, 2020.

On December 16, 2020, the Governor issued Executive Order 9R ("Order 9R"), which applies the two tax relief programs to tax deadlines for Taxes and Charges that become due and payable on January 1, 2021. On December 21, 2020, the Town's Board of Selectmen adopted the Low Interest Rate Program for Taxes and Charges due and payable on January 1, 2021 in accordance with Order 9R. The Low Interest Rate Program lowers the interest rate to 3% per annum (0.25% monthly) on Taxes and Charges that are due on January 1, 2021 from the time when they became due and payable until the same is paid through and including March 31, 2021. The regular rate of interest is restored on the portion of Taxes and Charges that remain delinquent as of April 1, 2021.

For Fiscal Year 2021, the Town is not experiencing a material negative financial impact as a result of the Low Interest Rate Program. As of April 30, 2021, the Town has collected approximately 102% of Fiscal Year 2021 budgeted taxes, with 102% having been collected at the same time last year for Fiscal Year 2020 and 102% having been collected at the same time in Fiscal Year 2019.

Federal and State Response to COVID-19's Impact on the Economy

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19. The State received approximately \$1.4 billion in such funding, and it was given the discretion to provide those funds to local governments.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the "Program") which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID-19 related expenditures that were incurred between March 1, 2020 and December 30, 2020. Under the Program, the Town's maximum reimbursement allowance for COVID-19 related expenditures through June 30, 2020 was \$108,991, and the Town was directly allocated \$78,147 for the period from July 1, 2020 through December 30, 2020.

On December 27, 2020, President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which extends certain programs and benefits first authorized by the CARES Act. The relief package includes, amongst other items, over \$900 billion in stimulus for various COVID-19 relief programs, \$8.75 billion for vaccine distribution, \$54.3 billion of Elementary and Secondary School Emergency Relief Funds, \$4.1 billion for the Governors Emergency Education Relief Fund, and an allocation of \$284 billion of Paycheck Protection Program funds to support eligible small businesses and non-profits, and the legislation expands and modifies the program by allowing second draw loans for certain borrowers.

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds could be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State’s K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

The Town has been notified that it can expect to receive approximately \$3,405,503 from the Coronavirus Local Fiscal Recovery Fund., to be paid half before the end of the current fiscal year and the second half 12 months later..

Description of the Bonds

The Bonds mature on July 15 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated July 28, 2021 and will bear interest at the rate or rates per annum specified by the successful bidder, payable on January 15, 2022 and semiannually thereafter on July 15 and January 15 in each year until maturity as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last day of December and June in each year, or the preceding business day if such last day is not a business day, by check mailed to the registered owner or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

The Bonds will be issued as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. A book-entry-only system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to the rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar, and Transfer Agent will be U.S. Bank National Association Corporate Trust, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, CT 06103. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC of Hartford, Connecticut in substantially the form set forth in Appendix B to this Official Statement.

Redemption Provisions

The Bonds **ARE** subject to optional redemption prior to maturity.

The Bonds maturing on or before July 15, 2031 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2032, and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2031, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Series C Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
July 15, 2031 and thereafter.....	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other bonds. Upon the giving of such notice, if

sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

Tax Matters

Tax Status of the Bonds

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

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

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

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

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

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

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

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds 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 Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

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

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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 that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special

rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. On the last completed Grand List of the Town there were no acres of such classified forest land. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

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

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

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

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, 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 or any other political subdivision of the State having the power to levy taxes and issue Bonds or other obligations.

Qualification for Financial Institutions

The Bonds **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 Bonds.

Availability of Continuing Disclosure

The Town prepares, in accordance with State law, annual independently audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, various municipal credit 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.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), as amended, the Town will agree to provide, or cause to be provided, as to the Bonds (i) annual financial information and operating data, (ii) notice of the occurrence of certain material events within ten (10) business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, as described in Appendix C. The Town will execute the Continuing Disclosure Agreements in substantially the form set out in Appendix C to this Official Statement. The winning purchaser's obligation to purchase the Bonds shall be

conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

The Town has entered into prior Continuing Disclosure Agreements for the benefit of holders of its debt obligations to provide annual financial information and material event notices pursuant to the Rule. In the past five years, the Town has not failed to meet any of its undertakings in any material respect under the Rule.

Book-Entry-Only Transfer System

The information contained in the following paragraphs of this subsection “Book-Entry-Only Transfer System” has been provided by The Depository Trust Company, New York, New York (“DTC”). The Town (the “Issuer”) makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities 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 Security certificate will be issued for each maturity of the Securities, each 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 a S&P Global Rating 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds, 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 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 securities 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, 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 to DTC, 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 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 Securities at any time by giving reasonable notice to the Town or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITER SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST ON THE BONDS; (3) ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT, OR BENEFICIAL OWNER; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BOND OR BOND HOLDER AND (5) THE SELECTION BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds 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 U.S. Securities and Exchange Commission.

Replacement Bonds

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

Authorization and Use of Proceeds

Authorization

The Bonds are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended (the Statutes"), the Town's charter, and resolutions adopted by the Town's Board of Selectmen, and approved by the voters at referendum held on June 4, 2019.

Use of Proceeds

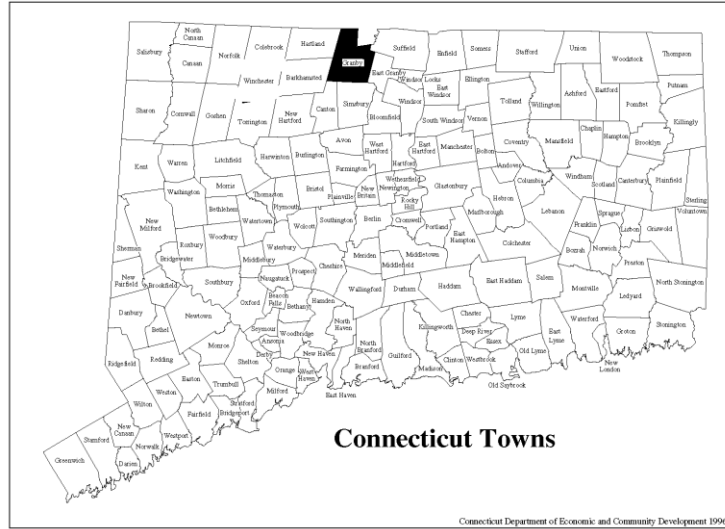
Proceeds of the Bonds will be used to finance the following capital projects:

<u>Project</u>	<u>Bonds Authorized</u>	<u>Date Authorized</u>	<u>Bonds Issued</u>	<u>Estimated State/ Federal Grants</u>	<u>This Issue</u>
Bridges	\$13,716,000	6/4/2019	\$1,350,000	\$11,018,530	\$2,700,000
Schools	7,100,000	6/4/2019	2,050,000	3,190,858	2,300,000
	<u>\$20,816,000</u>		<u>3,400,000</u>	<u>\$14,209,388</u>	<u>\$5,000,000</u>

Rating

S&P Global Ratings rates the Bonds and the Town's currently outstanding bond issues as "AA+". The Town furnished to the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the view of the rating agency and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 225 Franklin Street, 15th Floor, Boston, MA 02110. Generally, a rating agency bases its rating upon such information and materials and upon investigations, studies, and assumptions by the rating agency. There can be no assurance that a rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of outstanding securities, including the Bonds.

II. THE ISSUER



Description of the Municipality

The Town of Granby was incorporated in 1786 from the town of Simsbury and covers 40.8 square miles on Connecticut’s north-central border with Massachusetts. Primarily a rural residential community, the Town is home to many white-collar and professional workers in the greater Hartford area’s financial and insurance corporate headquarters and industries. Located 13.6 miles north of Hartford, Granby is bordered on the east by the towns of Suffield and East Granby, on the south by the towns of Simsbury and Canton, and to the west by the towns of Barkhamsted and Hartland. State Routes 10, 20, 189, 202, and 219 service the Town, and six-lane Interstate 91 lies 8.6 miles to the east providing north-south commercial and passenger roadway access between New Haven and the Canadian border. Bradley International Airport in Windsor Locks is situated 6 miles to the east on Route 20. While primarily residential in character with over 4,475 dwelling units, Granby also has more than 150 commercial and industrial buildings and over 500 acres zoned for commercial and industrial use.

According to the US Department of Commerce, Bureau of Census American Community Survey 2015 – 2019, the Town’s per capita income of \$55,211 compares favorably at 124% of the State 2019 per capita income figure of \$44,496. Over the same period, residential sales data for Granby showed a median sale price of \$310,600 comparing favorably with a State median of \$275,400. Granby is the fifth fastest growing town in Connecticut with 214 single family home sales in 2020.

Principal Municipal Officials

Office	Name	Manner of Selection	Term
First Selectman	B. Scott Kuhnly	Elected	2 years
Selectman	Glenn G. Ballard	Elected	2 years
Selectman	Sally S. King	Elected	2 years
Selectman	Mark. C. Neumann	Elected	2 years
Selectman	Edward E. Ohannessian	Elected	2 years
Town Manager	William F. Smith, Jr.	Appointed	6 months
Town Clerk	Karen I. Hazen	Appointed	Indefinite
Tax Collector	Lauren C. Stuck	Appointed	Indefinite
Assessor	Susan J. Altieri	Appointed	Indefinite
Treasurer	John E. Adams	Appointed	2 years
Director of Finance	Kimi Cheng	Appointed	Indefinite
Board of Finance - Chair	Michael B. Guarco, Jr.	Elected	4 years
Board of Education - Chair	Sarah E. Thrall	Elected	4 years
Superintendent of Schools	Jordan E. Grossman, Ed. D.	Appointed	3 years
Town Attorney	Richard P. Roberts	Appointed	2 years

Source: Town Manager’s Office, Town of Granby

Form of Government

Granby is governed by a Town Charter last revised in November 2012 and operates under a Selectmen/Town Manager form of government established in 1960. A five-member Board of Selectmen acts as the Town's legislative body, except as otherwise provided by the Town Charter, and an appointed Town Manager serves as the Town's Chief Executive Officer. Selectmen are elected biennially for two year terms. An elected Board of Finance is responsible for annual budget making, setting the mill rate, and recommending it for voter approval. A part-time Treasurer, the Town Manager, and the Finance Officer oversee the Town's finances.

Municipal Services

Police

The Granby Police Department is accredited by the [Commission on Accreditation for Law Enforcement Agencies \(CALEA\)](#). It is staffed by 16 sworn police officers, 7 public safety dispatchers, a records clerk, an administrative assistant, and an animal control officer. The Police Department was established in 1959 and is responsible for preserving public peace, preventing crime, and apprehension of criminal violators. The Department serves to regulate traffic, investigate motor vehicle collisions, and enforce the State of Connecticut laws and the municipal ordinances of the Town of Granby. The Granby Police Department acts as the first responder to requests for emergency medical assistance within the Town of Granby. The Department operates a multi-town Public Safety Answering Point providing professional police, fire, and emergency medical service (EMS) dispatch services for the towns of Granby (police, fire, and EMS), East Granby (fire and EMS), and Hartland (EMS). The police department works regionally with 8 other towns to provide advanced accident reconstruction and emergency services capability.

Fire

The Lost Acres Fire Department, Inc. (LAFD) provides fire protection for the Town. The LAFD is a non-profit volunteer organization funded by the Town to control fire hazards and emergencies in the community. Approximately fifty trained members service three fire stations in the north, west, and central parts of Town. The LAFD maintains fire suppression equipment at each of the three fire stations and also maintains and operates a fully equipped fire rescue vehicle. All officers and volunteers satisfy training requirements set by National Fire Safety Standards.

Granby Ambulance Association

The Granby Ambulance Association's (GAA) mission is to provide emergency medical service and ambulance transportation for the residents and citizens in the towns of Granby and East Hartland as well as mutual aid to the surrounding areas. GAA is primarily a volunteer ambulance service. The Association provides both Basic and Advanced Life Support (ALS) services for the community. Also it offers public health and safety courses and whatever services or functions the Association board may deem appropriate to serve the needs of the general public. The Town contributes \$15,000 annually to GAA for its services, but the contribution may increase in the future.

Public Works

The Public Works Department maintains all Town-owned roads as well as reconstructs and resurfaces Town thoroughfares as necessary. The sixteen full-time Public Works employees include a Director, a Deputy Director, and an Administrative Assistant/Recycling Coordinator. The Department maintains, repairs, and improves bridges, sewer, and vehicles/equipment, cleans and maintains road culverts and drainage areas, and provides maintenance staff for the Town's multiple parks and buildings.

Solid Waste and Recycling

Granby contracts with a private collection company for solid waste and recycling pickup. As described below, the Materials Innovation and Recycling Authority accepts and processes Town waste. The Town also operates a transfer station under permit from the State Department of Environmental Protection. Residential recyclable materials are also collected at the transfer station.

Service Contract - Solid Waste Disposal

The Town signed a new agreement with the Materials Innovation and Recycling Authority (MIRA), effective January 6, 2012. This agreement is effective for a term of fifteen years (through 6/30/27). Presently the cost for disposal is \$91.00 per ton with no cost for the disposal of recycling materials. There is no minimum amount of tonnage that must be delivered. Also included is a provision for the town to "Opt-Out" of the agreement if fees exceed a certain amount within five years.

The Town has agreed to cause to be delivered to the Mid-Connecticut System all of the solid waste under the legal control of the municipality. The Authority is required to impose service payments at a uniform rate per ton for all participating municipalities.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. Each municipality retains the responsibility for the collection, disposal and treatment of solid waste which does not meet the requirements or which the Authority refuses or is unable to accept under the Service Contract.

Sewers

The Granby sewer system consists of approximately 5.1 miles of sewer mains. The sewer line services much of the Town's central business district and six hundred and seventy-seven dwelling and one hundred commercial units. A sewer interceptor system, completed in 1983, delivers wastewater under a service agreement to the Town of Simsbury for treatment.

Recreation

The Granby Parks and Recreation Department provides recreational and leisure services in Town. The Salmon Brook Park recreational facility consists of numerous ball fields, tennis courts, basketball courts, picnic pavilions, playgrounds, a band shell, hiking trails, a swim area, and a bathhouse. The Ahrens Park consists of several ball fields, a community garden area, and a picnic pavilion. Many Parks and Recreation sponsored activities are conducted to promote physical health and wellness. Residents also enjoy Town-provided special events, summer camps, fitness and wellness programs. A full-time Recreation Director and staff provide over two hundred programs and activities at the parks and at other approved locations.

Senior Services

Granby Senior Services provides assistance to mature adults in transportation, programming, benefits counseling, and information referral. Six staff members include a full-time Director of Human Services, an Administrative Assistant, a Program Coordinator, a part-time Meal Preparer, and two service van drivers. Granby Senior Center provides educational, recreational, health, and social programs and offers a Congregate Meal Program. Senior van service provides transportation for grocery shopping, health clinics, educational and social programs, as well as recreational excursions.

Library

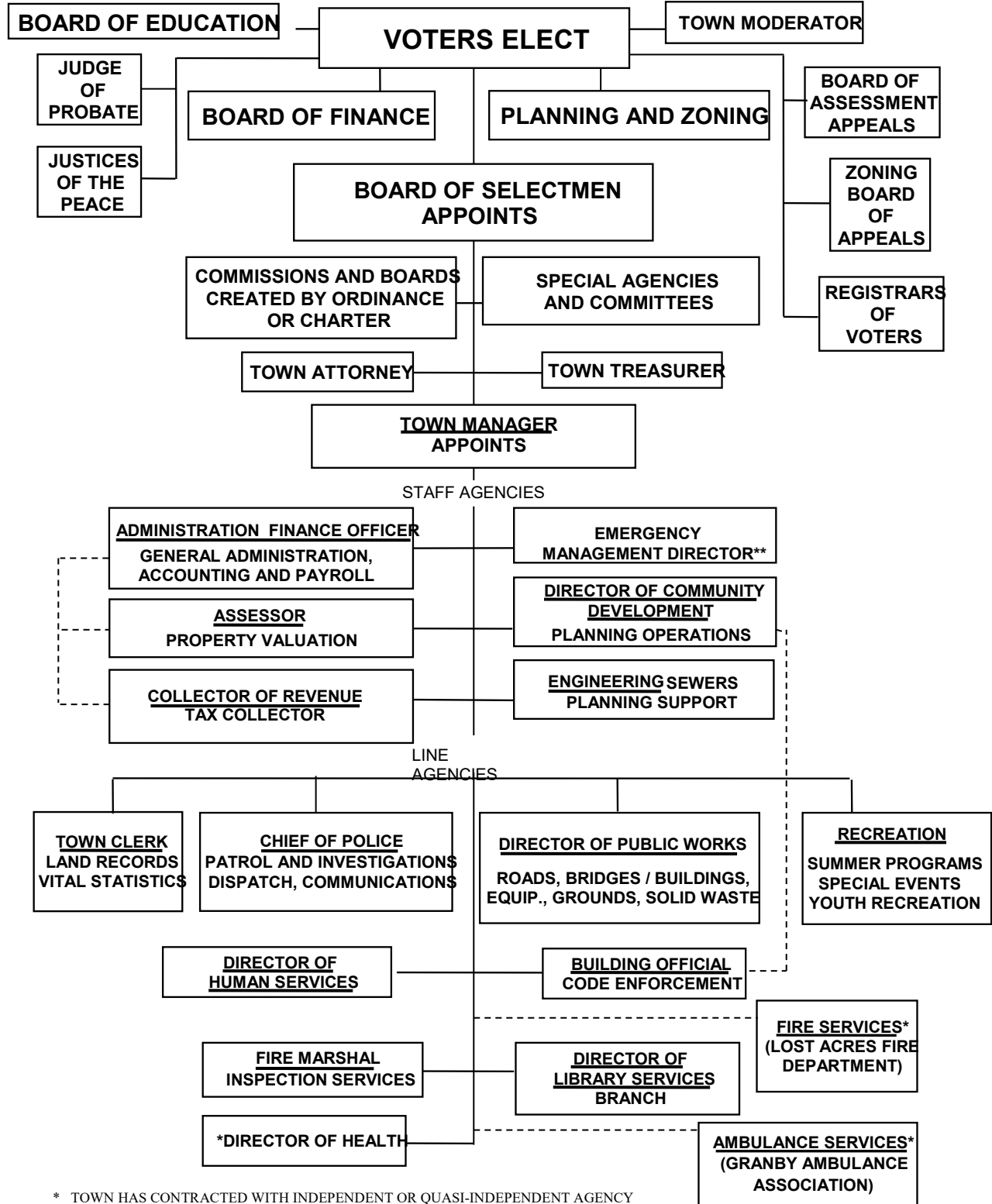
Granby's free public library serves residents through two branches: Granby Public Library (Main Branch), located in the Town Hall Complex adjacent to the Town Hall, and the F. H. Cossitt Branch Library, located in North Granby. Between the two branches, there is a robust collection of about 65,000 books, audiobooks, magazines, newspapers, DVDs, CDs, and other physical items, as well as free access to over 35,000 digital resources for adults, teens, and children. In addition to lending patrons materials, the Library offers residents free access to information through library programs (7982 attendees), online databases (43), access to computers and the Internet (16 public computers) and Wi-Fi, cultural displays, and an accessible place to gather with other members of the community to exchange ideas.

Community Development

The Office of Community Development works to further the quality and diversification of development within the Town in an effort to meet the needs of a growing population, to broaden the Town's tax base, and to maintain the overall quality of life. The Community Development Office promotes economic/commercial development in recognition of the community benefits of jobs, tax base expansion, shopping convenience, and other services. A long range point of view is maintained in the analysis of all proposals. Through controlled development, the Town intends to strike a measured balance between commercial and residential interests.

Organization Chart

TOWN GOVERNMENT GRANBY, CONNECTICUT



* TOWN HAS CONTRACTED WITH INDEPENDENT OR QUASI-INDEPENDENT AGENCY
 ** THE EMERGENCY MANAGEMENT DIRECTOR HAS A COOPERATIVE RELATIONS WITH ALL TOWN DEPARTMENTS, AND EXTERNAL AND SUPPORT AGENCIES. ADDITIONAL SUPPORT STAFF PROVIDED AS NEEDED.

Employee Relations and Collective Bargaining

The Town employs full-time and permanent part-time persons for General Government and Board of Education as shown below by fiscal year:

Full-Time Equivalent Municipal Employees

	2020	2019	2018	2017	2016
General Government .	76.69	78.62	77.57	77.49	76.44
Board of Education	295.50	294.40	290.40	295.20	304.20
Total	372.19	373.02	367.97	372.69	380.64

Source: Town Manager's Office, Town of Granby
Superintendent's Office, Town of Granby Public Schools

The following table shows the breakdown of General Government employees by department for fiscal year 2021:

Department	Full-Time Equivalent	Part-Time Equivalent
General Government.....	17	3.42
Police	21	1.19
Public Works	16	2.67
Park and Recreation.....	3	3.70
Library	4	4.71
Total.....	61	15.69

Source: Town Manager's Office, Town of Granby

Employee Bargaining Units

	Positions Covered	Current Contract Expiration Date
General Government		
The International Brotherhood of Police Officers Local 581	14.00	6/30/20 ¹
Granby Municipal Employees Local 399, Council 4.....	19.00	6/30/24
Public Works - United Public Service Employees Union (UPSEU) Local 424, Unit 49.....	13.00	6/30/23
Dispatchers - United Public Service Employees Union (UPSEU) Local 424, Unit 56.....	4.00	6/30/20 ¹
Organized	50.00	
Non-Union.....	26.69	
Sub-Total	76.69	
Board of Education		
Secretarial Employees Union Independent.....	17.00	6/30/22
Granby Education Association	174.80	6/30/24
Granby Administrators Association	8.00	6/30/22
United Public Service Employees Union (Formerly MEUI).....	20.00	6/30/22
Organized	219.80	
Non-Union.....	75.70	
Sub-Total	295.50	
Total	372.19	

¹ In negotiation

Source: Town Manager's Office, Town of Granby
Superintendent's Office, Town of Granby Public Schools

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. 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 contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item 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 the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational System

The Town of Granby Public School System provides comprehensive educational programs to students kindergarten through the twelfth grade and also provides a range of adult education courses to numerous other segments of the community. The grade structure for the public school system is PreK-2, 3-5, 6-8, and 9-12. A complete program of basic skills is offered to all students. Special learning experiences are made available to the academic and artistically talented both at the elementary and secondary level. There is a wide variety of additional activities including scholastic sports for males and females. The Board of Education is comprised of seven members elected to overlapping four year terms. The Board's responsibility is to develop the policy that gives broad direction to the school system's professional staff.

School Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions)</u>	<u>Type of Construction</u>	<u>Number of Classrooms</u>	<u>10/1/2020 Enrollment</u>	<u>Current Capacity</u>
Kelly Lane	PK-2	1962 (98) (04)	Brick/cinderblock	28	369	480
Wells Road	3 - 5	1955 (04)	Brick/cinderblock	26	346	480
Granby Middle	6 - 8	1992	Brick/cinderblock	36	436	480
Granby High	9 - 12	1962 (70, 99)	Brick/cinderblock	53	572	900
Totals				143	1,723	2,340

Source: Superintendent's Office, Town of Granby Public Schools

School Enrollment

<u>School Year</u>	<u>Elementary K - 5</u>	<u>Middle School 7-8</u>	<u>High School 9-12</u>	<u>Total</u>
		Historical		
2011-12	1,048	356	754	2,158
2012-13	996	330	761	2,087
2013-14	963	332	727	2,022
2014-15	916	331	688	1,935
2015-16	904	309	704	1,917
2016-17	778	435	661	1,874
2017-18	786	419	657	1,862
2018-19	804	404	655	1,863
2019-20	783	416	586	1,785
2020-21	715	436	572	1,723
		Projected		
2021-22	767	431	581	1,779
2022-23	806	402	582	1,790
2023-24	833	380	632	1,845
2024-25	837	376	628	1,841
2025-26	839	400	598	1,837

Source: Superintendent's Office, Town of Granby Public Schools

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

Population and Density

Year	Actual Population ¹	% Increase	Density ²
1970	6,150	23.8	151
1980	7,956	29.4	195
1990	9,369	17.8	230
2000	10,347	10.4	254
2010	11,282	9.0	277
2019	11,361	0.7	278

¹ 1970-2010 - U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

² Per square mile: 40.8 square miles.

Age Distribution of the Population

Age	Town of Granby		State of Connecticut	
	Number	Percent	Number	Percent
Under 5	634	5.6	183,808	5.1
5 - 19	2,288	20.1	663,574	18.6
20 - 34	1,368	12.0	686,339	19.2
35 - 44	1,130	9.9	424,739	11.9
45 - 54	2,009	17.7	508,428	14.2
55 - 64	1,893	16.7	507,133	14.2
65 and over	2,039	18.0	601,053	16.8
Total	11,361	100.0	3,575,074	100.0
Median Age (Years)	46.2		41.0	

Source: U.S. Department of Commerce, Bureau of Census, 2019 American Community Survey 2015-2019

Income Distribution

Income Range	Town of Granby		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000	12	0.4	24,799	2.8
10,000 - 14,999	11	0.3	16,037	1.8
15,000 - 24,999	46	1.4	38,364	4.3
25,000 - 34,999	29	0.9	48,110	5.4
35,000 - 49,999	214	6.4	77,010	8.6
50,000 - 74,999	331	9.9	123,980	13.9
75,000 - 99,999	403	12.1	116,676	13.1
100,000 - 149,999	821	24.6	186,246	20.8
150,000 - 199,999	639	19.2	109,258	12.2
200,000 or more	828	24.8	152,958	17.1
Total	3,334	100.0	893,438	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

Income Levels

	<u>Town of Granby</u>	<u>State of Connecticut</u>
Per Capita Income, 2019	\$55,211	\$44,496
Per Capita Income, 2010	\$46,687	\$36,775
Per Capita Income, 2000	\$33,863	\$28,766
Median Family Income, 2019	\$134,500	\$100,418
Median Family Income, 2010	\$111,339	\$84,170
Median Family Income, 2000	\$ 90,057	\$65,521
Percent Below Poverty, 2019	3.0	10.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

Educational Attainment Persons 25 Years and Older

<u>Grade Levels</u>	<u>Town of Granby</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	66	0.8	99,837	4.0
9th to 12th grade	211	2.7	132,826	5.3
High school graduate	1,441	18.1	666,828	26.9
Some college, no degree	1,257	15.8	416,175	16.8
Associate's degree	732	9.2	191,964	7.7
Bachelor's degree	2,638	33.2	541,380	21.8
Graduate or professional degree	1,607	20.2	434,085	17.5
Total	<u>7,952</u>	<u>100.0</u>	<u>2,483,095</u>	<u>100.0</u>
Total high school graduate or higher (%)	96.5		90.6	
Total bachelor's degree or higher (%)	53.4		39.3	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

Major Employers as of April 8, 2021

<u>Name</u>	<u>Business</u>	<u>Estimated Number of Employees</u>
Hssc	Advertising/Direct mail	500-999
Geisslers Supermarket	Grocers – Retail	100-249
Granby Memorial High School	School	100-249
Granby Memorial Middle School	School	50-99
Meadow Brook of Granby	Residential Care Homes	100-249
Monrovia Nursery Company	Nurseries-Plants Trees & Etc.-(whls)	100-249
Super Stop & Shop	Grocers – Retail	100-249
High Meadow Day Camp	Camps	50-99
Kelly Lane Primary School	School	50-99
Salmon Brook Veterinary Hospital	Animal Hospital/Veterinary Clinic	50-99
State Line Propane-State Line	Oil – Fuel (whls)	50-99
Wells Road School	School	50-99
YMCA of Metropolitan Hartford	Youth Organizations & Centers	50-99

Source: Connecticut Department of Labor, Labor Market Information

Employment by Industry
Employed Persons 16 Years and Over

Sector	Town of Granby		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fisheries, mining	55	0.9	7,990	0.4
Construction	333	5.5	113,732	6.2
Manufacturing	868	14.4	180,833	9.9
Wholesale trade	65	1.1	42,782	2.3
Retail trade	564	9.3	191,226	10.5
Transportation, Warehousing, Utilities	199	3.3	80,333	4.4
Information	133	2.2	32,903	1.8
Finance, Insurance, Real Estate	980	16.2	158,570	8.7
Professional, Scientific, Management, Admin ..	737	12.2	206,887	11.3
Education, Health, Social Services	1,293	21.4	495,627	27.2
Arts, Entertainment, Recreation, Leisure Serv. .	375	6.2	166,307	9.1
Other Services	219	3.6	84,644	4.6
Public administration	223	3.7	62,081	3.4
Total Labor Force, Employed	6,044	100.0	1,823,915	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

Employment Data

Period	Town of Granby		Percentage Unemployed		
	Employed	Unemployed	Town of Granby	Hartford Labor Market ¹	State of Connecticut
April, 2021 ¹	6,012	339	5.3	7.7	7.6
January, 2021 ¹	6,281	392	5.9	8.3	8.5
October, 2020 ¹	6,540	231	3.4	5.7	5.8
July, 2020 ¹	6,454	439	6.4	10.1	10.3
Annual Average					
2019.....	6,778	176	2.5	3.8	3.7
2018.....	6,796	155	2.2	4.1	4.1
2017.....	6,606	195	2.9	4.7	4.7
2016.....	5,478	243	3.6	5.1	5.1
2015.....	6,415	264	4.0	5.7	5.6
2014.....	6,333	303	4.6	6.6	6.6
2013.....	5,889	360	5.8	7.8	7.8
2012.....	5,904	392	6.2	8.4	8.4
2011.....	6,012	422	6.6	8.8	8.8
2010.....	5,968	436	6.8	9.2	9.1

¹ Not seasonally adjusted

Source: Department of Labor, State of Connecticut.

Age Distribution of Housing

Year Built	Town of Granby		State of Connecticut	
	Units	Percent	Units	Percent
Built 2014 or later	33	0.8	16,920	1.1
Built 2010 to 2013	48	1.1	21,126	1.4
Built 2000 to 2009	483	11.0	103,075	6.8
Built 1990 to 1999	726	16.5	116,028	7.7
Built 1980 to 1989	531	12.1	188,655	12.4
Built 1970 to 1979	839	19.1	203,700	13.4
Built 1960 to 1969	467	10.6	204,879	13.5
Built 1950 to 1959	578	13.1	224,393	14.8
Built 1940 to 1949	278	6.3	103,008	6.8
Built 1939 or earlier	415	9.4	334,845	22.1
Total housing units, 2019	4,398	100.0	1,516,629	100.0
Percent Owner Occupied, 2019		85.1		59.7

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

Housing Inventory

Type	Town of Granby		State of Connecticut	
	Units	Percent	Units	Percent
1-unit detached	3,984	90.5	893,531	58.9
1-unit attached	199	4.5	81,832	5.4
2 units	51	1.2	124,082	8.2
3 or 4 units	32	0.7	130,863	8.6
5 to 9 units	96	2.2	82,695	5.5
10 to 19 units	25	0.6	57,281	3.8
20 or more units.....	11	0.3	134,093	8.8
Mobile home, trailer, other	0	0.0	12,252	0.8
Total Inventory	4,398	100.0	1,516,629	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Granby		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	45	1.2	17,522	1.9
\$ 50,000 to \$ 99,999	30	0.8	28,440	3.1
\$100,000 to \$149,999	65	1.7	78,467	8.7
\$150,000 to \$199,999	301	8.0	137,944	15.2
\$200,000 to \$299,999	1,321	35.3	248,431	27.5
\$300,000 to \$499,999	1,405	37.6	244,855	27.0
\$500,000 to \$999,999	564	15.1	107,504	11.9
\$1,000,000 or more.....	13	0.3	42,518	4.7
Total.....	3,744	100.0	905,681	100.0
Median Sales Price		\$310,600		\$275,400

Source: U.S. Department of Commerce Bureau of Census, American Community Survey 2015-2019

Building Permits

The following schedule of building permits issued over the last several years indicates the development experienced in the Town for the period:

Fiscal Year Ending 6/30	Housing		All Other Permits		Totals	
	No.	Value	No.	Value	No.	Value
2021 ¹	9	\$1,455,000	906	\$11,395,650	925	\$12,850,650
2020	12	2,192,459	1,491	19,719,605	1,503	21,912,064
2019	19	2,531,000	2,430	40,823,706	2,449	43,354,706
2018	18	2,685,000	1,140	11,153,381	1,158	13,838,381
2017	12	2,274,000	888	8,665,503	900	10,939,503
2016	8	1,411,000	946	10,747,678	954	12,158,678
2015	10	1,886,000	983	11,321,607	993	13,207,607
2014	11	2,372,864	1,036	6,245,665	1,047	8,618,529
2013	6	1,133,463	1,009	6,509,222	1,015	7,642,685
2012	3	744,000	1,022	8,453,823	1,025	9,197,823
2011	5	966,411	767	5,927,285	772	6,893,696

¹. As April 30, 2021

Source: Building Official, Town of Granby

Land Use

The Town of Granby is composed of various and competing land uses. These include residential single family and multi-family units, commercial retail, office and service, industrial, municipal, open space, forest, farmland, and recreational/park lands. The above categories of land use may be further classified as historic, neighborhood, scenic, wildlife habitat, wetland, water body, hilltop, cemetery, educational, public/private, etc.

Residential is the largest land use group in Granby and by far the greatest percentage of the land within the Town is zoned residential. Approximately 65% of the Town is zoned for single family residential homes on 2 acre lots with 200 feet of road frontage. The Zoning and Subdivision regulations permit a reduction in the lot size requirement within a development when large areas of open space are preserved.

The Town contains 26,176 acres of which an estimated 26%, or 6,900 acres, have been developed for residential use. The largest category of the total land (7,612 acres or 29%) is identified as vacant. Vacant land is defined as privately owned land with no active use.

Distribution of Land Use

Land	Acres	% of Total
Residential	6,906	26.38
Public Facility	305	1.17
Semi-Public Facility	9	0.03
Commercial/Office	363	1.39
Industrial	152	0.58
Cemetery	30	0.11
Agriculture, Private	1,176	4.49
Public – Open Space	7,187	27.46
State Forest	1,726	6.59
Roads (rights of way)	710	2.71
Vacant	7,612	29.00
	26,176	100.00

Source: Town Planner's Office, Town of Granby (Updated January, 2021)

Comparison of Land Use Concentration 1960 – 2021

Land Use	Acres				
	2021	2012	2005	1979	1960
Residential	6,906	6,157	6,010	3,280	1,574
Public, Semi-Public and Roads	1,024	825	905	205	58
Commercial/Office	363	129	105	70	40
Industrial	152	120	120	120	14
Agriculture, Private	1,176	2,444	2,800	3,145	5,029
Open Space and State Forest	8,913	8,290	6,705	3,855	2,944
Vacant	7,612	8,181	9,501	14,440	16,406
Cemetery	30	30	30	30	30
Totals	26,176	26,176	26,176	27,124	28,055

Source: Town Planner's Office, Town of Granby

Approximately 79% of Granby's total land area, as depicted in the following table, has been permanently preserved, previously developed, or is undevelopable. The total land area available for future development amounts to 21% consisting primarily of privately held agricultural and forested areas. Net acreage available for future development amounts to 5,273.

Land Use	2021	
	Acres	% of Total
Permanent open space	8,913	34
Land developed to date	8,475	32
Undevelopable land	3,515	13
Net acreage available for development	5,273	21
Total	26,176	100.0

Source: Town Planner's Office, Town of Granby

IV. TAX BASE DATA

Assessment Practices

In accordance with Section 12-62 of the Connecticut General Statutes, the Town physically updated all real estate values as of October 1, 2017. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Assessor's Office is responsible for the preparation of the Town's annual Grand List. The Grand List is a complete listing of all taxable real and personal property and motor vehicles in the Town, their ownership, and their assessed value as of October 1st in each year. For the list of October 1, 2020, Granby's Net Taxable Grand List amounted to \$1,035,687,503. Grand List information is used by the Board of Finance to set the mill rate which in turn becomes the basis for the Town's annual tax levy. Any property owner who wishes to appeal their assessment may do so before the Board of Assessment Appeals. Assessments for real property are computed at seventy (70%) percent of market value at the time of last revaluation (Grand List of 10/1/17). As the Grand List is prepared, tax maps are also updated. Building changes are updated through extensive field work. The Assessor's Office also administers the State of Connecticut's elderly tax relief programs and the veterans and blind exemption programs.

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 Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed 8% of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision.

Section 12-170v of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to freeze the 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 total tax relief granted plus interest. The Town has not approved the use of this property tax abatement provision.

Motor Vehicle Property Tax Rate

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-661 of the General Statutes, as amended ("Section 4-661"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2019 assessment year (Fiscal Year ending June 30, 2021) is 39.61 mills.

Covid-19 Outbreak – Municipal Tax Relief Programs

In compliance with Executive Order 7S, which was issued in response to the COVID-19 outbreak, the Town adopted the “Deferment Program”, which extended the grace period on taxes due between April 1, 2020 and July 1, 2020. On December 16, 2020, the Governor issued Executive Order 9R (“Order 9R”), which applies the Deferment Program to tax deadlines for tax bills that become due and payable on January 1, 2021 and extends the grace period to April 1, 2021. As of December 30, 2020, the Town was deemed to have adopted the Deferment Program for taxes due and payable on January 1, 2021 in accordance with Order 9R.

Property Tax Collection Procedure

Real estate property taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one-half on July 1 and one-half on January 1. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Subject to what is permitted currently under the Governor’s executive orders, payments not received by August 1 and February 1, respectively, become delinquent. Motor vehicle property taxes are due in full on July 1 of each year. According to the provisions of Connecticut General Statute 12-145 and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month (18% per annum). In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property (%)	Industrial Real Property (%)	Other Real Property (%)	Personal Property (%) ^{2.6}	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	% Increase (Decrease)
2020	79.3	4.8	2.7	3.4	9.8	\$1,042,210,440	\$6,522,937	\$1,035,687,503	1.44
2019	79.8	4.8	2.6	3.4	9.4	1,027,664,193	\$,644,170	1,021,020,023	1.73
2018	80.7	4.8	2.2	3.0	9.3	1,009,685,375	6,029,791	1,003,655,584	1.36
2017 ¹	81.4	4.7	1.9	2.8	9.2	995,824,970	5,591,920	990,213,050	1.32
2016	81.8	4.7	1.7	2.6	9.2	982,598,080	5,311,180	977,286,900	0.61
2015	82.0	4.6	1.6	2.6	9.2	976,454,600	5,085,690	971,368,910	0.61
2014	75.4	4.3	8.8	2.4	9.1	970,046,150	4,571,260	965,474,890	0.57
2013	75.4	4.3	8.8	2.3	9.2	964,212,670	4,183,050	960,029,620	1.26
2012 ¹	75.5	4.3	9.0	2.3	9.0	958,094,420	4,082,930	954,011,490	(10.6)
2011	76.7	4.2	9.1	1.9	8.1	1,071,003,320	4,165,790	1,066,837,530	0.92

¹ Revaluation

Source: Assessor's Office, Town of Granby

Tax Exempt Property

The following categories of exempt properties are not included in the Net Taxable Grand List:

Public	Value 10/1/20 ¹
Town of Granby	\$35,244,530
State of Connecticut	1,757,100
Sub-Total Public	37,001,630
Private	
Churches	9,909,130
Veteran's Organizations	108,710
Agricultural and Horticultural.....	113,,400
Volunteer Fire Companies	1,257,620
Cemeteries	440,370
Scientific, Educational, Historical, Charitable.....	18,290,740
Sub-Total Private	30,119,970
Total Exempt	\$67,121,600
Percent Compared to Net Taxable Grand List	6.48

¹ Net Taxable Grand List 10/1/20: 1,035,687,503
Source: Assessor's Office, Town of Granby

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 5/31/21
2020	2022	\$1,035,687,503	39.61	\$40,469,824		-- In Process --	
2019 ¹	2021	1,021,020,023	39.61	40,475,534	-- In Process --		0.71
2018	2020	1,003,655,584	39.61	39,838,843	99.4	0.6	0.30
2017 ²	2019	990,213,050	38.69	38,319,030	99.4	0.6	0.19
2016	2018	977,286,900	37.94/32.00 ³	36,463,368	99.7	0.3	Nil
2015	2017	971,368,910	36.94	35,804,847	99.1	0.9	Nil
2014	2016	965,474,890	36.22	34,856,873	99.2	0.8	Nil
2013	2015	960,029,620	35.52	33,968,158	99.1	0.9	Nil
2012 ²	2014	954,011,490	34.83	33,064,702	99.2	0.8	Nil
2011	2013	1,066,837,530	30.69	32,556,187	99.1	0.9	Nil
2010	2012	1,057,105,520	30.10	31,627,866	99.0	1.0	Nil

¹ Preliminary. Subject to audit.

² Revaluation

³ Motor vehicle

Source: Tax Collector's Office, Town of Granby

Property Taxes Receivable

As of June 30	Total Uncollected	Uncollected for Current Year of Levy
2021 ¹	\$533,714	\$285,572
2020	444,904	267,074
2019	405,815	252,974
2018	458,723	245,298
2017	528,516	329,444
2016	589,595	322,354

¹ Estimated, unaudited. Tax Collector's Office, Town of Granby, June 6, 2021
Source: Comprehensive Annual Financial Reports, 2016- 2020, Town of Granby

Ten Largest Taxpayers

<u>Name</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List¹</u>
Connecticut Light & Power	Utility	\$17,437,670	1.68
Grand Rock Heart LLC	Ridgewood development	10,617,460	1.03
Arrow Concrete Products	Concrete contractor	4,215,570	0.41
Granby Developers LLC	Stop & Shop Plaza	4,158,770	0.40
E Living LLC	Greenway Apartments	3,553,880	0.34
Baygrape Associates	Meadowbrook Nursing Home	3,461,640	0.33
Granby Holdings LLC	Comm. RE, Bank Street Plaza	3,448,970	0.33
Pierce Builders LLC	Builder, contractor	2,693,020	0.26
Halmar, Inc.	Contractor	2,687,020	0.26
Granby Center Associates	Retail shopping plaza	2,035,530	0.20
Total		<u>\$54,309,530</u>	<u>5.24</u>

¹ Based on 10/1/20 Net Taxable Grand List of \$1,035,687,503

² Source: Assessor's Office, Town of Granby

V. FINANCIAL INFORMATION

Financial Reporting

The financial statements of the Town are prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Fiscal Year

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the primary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Budget Procedure

The annual budget making process is outlined in Chapters 10 and 11 of the Town Charter. Specific timetables for budget adoption are also detailed in the Town Charter. Final budget approval rests with a referendum vote. The FY 2021 budget was approved on April 27, 2020..

The calendar for the Town's budget making process is as shown below:

Third Monday in March	The Town Manager presents a budget to the Board of Selectmen.
April (First Monday)	Last day for recommended budgets to be presented to Board of Finance.
April (Second Monday)	Public hearings held on Annual Budget.
April (Fourth Monday)	Annual Budget Vote. Annual Budget may be adopted by referendum majority vote following Town Charter procedure. If not adopted, the proposal is forwarded to another public hearing and another machine vote on the following Monday.

Due to the unprecedented pandemic crisis, Governor Lamont adopted Executive Order No. 7I, which suspended in-person budget adoption requirements for municipalities. Under Lamont's executive order, at an April 6, 2020 Board of Selectmen meeting, the Board of Selectmen voted unanimously to authorize the Board of Finance to adopt a budget for the fiscal year 2020-21 and set a mill rate for the same fiscal year on or before April 27, 2020. On April 13, 2020, at a Board of Finance special meeting, the Board of Finance voted unanimously to adopt the fiscal year 2020-21 annual town budget. The Town returned to its normal budget approval process (see above) for fiscal year 2021-22, and the fiscal year 2022 budget was approved at referendum held April 26, 2021.

Annual Audit

The Town, pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2020, the various funds of the Town were audited by Blum Shapiro. The auditors have not been asked nor have they given permission for the audited financial statements to be printed in this official statement.

Finance Administration and Appropriations

The Town Charter establishes financial control procedures. The Town Manager is the Chief Financial Officer, assisted by a full-time Director of Finance and a part-time appointed Treasurer. A six-member elected Board of Finance must approve all annual budget appropriations. The Board of Finance is also responsible for transferring appropriations (except that no transfers may be made out of the Town's account for debt service or other statutory charges), approving additional appropriations, and determining the Town's tax rate.

Pensions – Pension Trust Fund (Summary)

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements.

At July 1, 2019, PERS membership consisted of: Retirees and beneficiaries currently receiving benefits 54; Terminated employees entitled to benefits but not yet receiving them 15; and Active employees 51. Total 120. At July 1, 2019, there was 13 years remaining in the amortization period.

Certified police officers are required to contribute 6.0% of their salary, including overtime, educational incentive pay and longevity pay to the PERS. All other members contribute 5.0% of their gross salary, including overtime and any other form of additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance. Administrative costs are financed by the plan.

Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$21,134,024	\$18,302,187	\$2,831,837
Changes for the year:			
Service cost	471,336	--	471,336
Interest on total pension liability	1,467,469	--	1,467,469
Effect of economic/demographic gains or losses	250,254	--	250,254
Effect of assumption changes or inputs	524,335	--	524,335
Benefit payments	(1,305,129)	(1,305,129)	--
Employer contributions	--	577,577	(577,577)
Member contributions	--	161,887	(161,887)
Net investment income	--	1,028,901	(1,028,901)
Administrative expenses	--	(12,514)	12,514
Net changes	1,408,265	18,752,909	957,543
Balances as of June 30, 2020	\$22,542,289	\$18,752,909	\$3,789,380

For the year ended June 30, 2020, the Town recognized pension expense of \$847,781. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$102,257	\$233,670
Assumption changes or inputs	584,696	--
Net difference between projected and actual earning on pension plan investments	--	34,804
Total	\$776,953	\$268,474

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

<u>Year Ending June 30</u>	
2021	\$ (444)
2022	157,324
2023	305,129
2024	46,470
	<u>\$508,479</u>

Connecticut Teacher's Retirement System

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.

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' require 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.

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$4,422,470 in Exhibit II for on-behalf amounts for the benefits provided by the State.

See Note 12. Employee Retirement Systems and Pension Plans in Notes to Financial Statements, June 30, 2020 Appendix A attached hereto for more information.

Town - Other Post-Employment Benefits (OPEB)

Town Postretirement Health Care Plan

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post-Employment Benefits Trust Fund. The postretirement health care plan is a single employer defined benefit plan administered by the Town. The Town does not issue stand-alone financial statements for this program.

Management of the program for Other Post-Employment Benefits rests with the Employee Health Benefits Fund Advisory Committee, which consists of five members. The five members are the First Selectman, Board of Education Chairman, Town Manager, Superintendent of Schools, and a town resident appointed by the Board of Selectmen. The Employee Health Benefits Fund Advisory Committee delegates the power to administer the program to the Town Manager.

At July 1, 2019, plan membership consisted of 278 active plan members and 64 retired members totaling 342.

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Town's net OPEB liability was measured as of June 30, 2020. The Town contributed its 2019 OPEB actuarially determined contribution in fiscal year 2020. The components of the net OPEB liability of the Town at June 30, 2020, were as follows:

Total OPEB Liability	\$11,269,217
Plan fiduciary net position	<u>2,310,004</u>
Net OPEB Liability	<u>\$ 8,959,213</u>

Plan fiduciary net position as percentage of the total OPEB liability: 20.50%

The discount rate used to measure the total OPEB liability was 6.0%.

Changes in the net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances as of July 1, 2019	\$ 8,717,768	\$1,933,142	\$6,784,626
Changes for the year:			
Service cost	367,351	--	367,351
Interest on total OPEB liability	527,206	--	527,206
Effect of change in benefit terms	(13,411)	--	(13,411)
Effect of economic/demographic gains or losses	1,985,479	--	1,985,479
Effect of assumptions changes or inputs	290,329	--	290,329
Benefit payments	(605,505)	(605,505)	--
Employer contributions	--	901,761	(901,761)
Member contributions	--	--	--
Net investment income	--	80,606	(80,606)
Net changes	2,551,449	376,862	2,174,687
Balances as of June 30, 2020	\$11,269,217	\$2310,004	\$8,959,213

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,122,168.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$2,277,451	--
Assumption changes or inputs	522,133	--
Net difference between projected and actual earning on pension plan investments	52,160	--
Total	\$2,851,744	--

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future fiscal years as shown below:

Year Ending June 30	
2021	\$ 365,993
2022	365,995
2023	362,352
2024	359,224
2025	350,351
Thereafter	1,047,829
	\$2,851,744

In the FY22 adopted budget, the Town approved a one-time \$2,000,000 transfer from the General Fund fund balance to OPEB Trust Fund for FY23-26 actuarially determined contributions. Also, the Town will transfer \$431,000 from general fund balance to OPEB Trust Fund before the year-end for FY22 actuarially determined contribution.

For more information and the latest valuation report, see https://www.granby-ct.gov/sites/g/files/vyhlf3171/f/uploads/gry2020_valuationreport_signed.pdf

State Teachers Retirement Plan – OPEB (Summary)

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.

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.

Employer (School Districts)

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

Employees

Active teachers are required to contribute 1.25% of their pensionable salaries and retired teachers pay one third of the plan costs through monthly premiums.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$666,765 in Exhibit II as part of the State on-behalf-of payment program.

General Fund Balance Sheet

Five Year Summary of Actual Assets, Liabilities, and Fund Balance (GAAP Basis)

	<u>Actual 6/30/20</u>	<u>Actual 6/30/19</u>	<u>Actual 6/30/18</u>	<u>Actual 6/30/17</u>	<u>Actual 6/30/16</u>
ASSETS					
Cash and cash equivalents	\$14,792,402	\$ 6,549,784	\$ 5,858,898	\$ 5,233,361	\$ 6,490,078
Investments	--	6,290,551	6,167,567	6,102,254	6,071,984
Receivables, net	521,428	562,208	819,948	1,081,157	1,718,913
Due from other funds	619,86	2,386	13,550	608,388	88,840
TOTAL ASSETS	<u><u>\$15,375,816</u></u>	<u><u>\$13,404,929</u></u>	<u><u>\$12,859,963</u></u>	<u><u>\$13,025,160</u></u>	<u><u>\$14,369,815</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 388,548	\$ 870,124	\$ 1,211,666	\$ 927,759	\$ 675,243
Due to other funds.....	4,844,183	5,475,231	6,039,101	6,730,393	8,332,656
Total Liabilities.....	<u>5,232,731</u>	<u>6,345,355</u>	<u>7,250,767</u>	<u>7,658,152</u>	<u>9,007,899</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues – property taxes.....	400,948	384,234	334,494	521,558	627,401
Advance tax collections	27,526	10,106	8,770	33,679	52,581
Total deferred in flows of resources	<u>428,474</u>	<u>394,340</u>	<u>343,264</u>	<u>555,237</u>	<u>679,982</u>
<u>Fund Balances</u>					
Nonspendable.....	--	--	--	--	--
Restricted	--	--	--	--	--
Committed	51,858	51,050	50,131	51,064	7,541
Assigned	735,256	684,196	1,094,240	1,269,960	1,662,011
Unassigned.....	8,927,497	5,929,988	4,121,451	3,490,747	3,012,382
Total fund balances.....	<u>9,714,611</u>	<u>6,665,234</u>	<u>5,265,822</u>	<u>4,811,771</u>	<u>4,681,934</u>
TOTAL LIABILITIES, EQUITY, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u><u>\$15,375,816</u></u>	<u><u>\$13,404,929</u></u>	<u><u>\$12,859,853</u></u>	<u><u>\$13,025,160</u></u>	<u><u>\$14,369,815</u></u>

Analysis of General Fund Balances
(GAAP Basis of Accounting)

	Actual 6/30/20	Actual 6/30/19	Actual 6/30/18	Actual 6/30/17	Actual 6/30/16
Committed - Revaluation	\$ 51,858	\$ 51,050	\$ 50,131	\$ 51,064	\$ 7,541
Assigned					
Next year's budget	444,000	600,000	950,000	1,050,000	1,000,000
General Government ¹	22,391	34,739	11,146	59,651	61,229
Public Safety ¹	1,600	13,286	24,293	36,007	8,998
Public Works ¹	59,677	12,194	52,290	61,154	146,165
Culture and Recreation ¹	6,475	15,880	13,679	12,444	17,925
Education ¹	201,113	8,097	42,832	50,704	427,694
Unassigned	8,927,497	5,929,988	4,121,451	3,490,747	3,012,382
Fund Balance (GAAP)	\$9,714,611	\$6,665,234	\$5,265,822	\$4,811,771	\$4,681,934

¹ Encumbrances

General Fund Revenues and Expenditures

Four Year Summary of Actual Revenues and Expenditures, Estimated Unaudited FY 2021,
and Current Year Adopted Budget (GAAP Basis)

	Budget FY 6/30/2022 ²	Estimated Unaudited 6/30/21	Actual 6/30/20	Actual 6/30/19	Actual 6/30/18	Actual 6/30/17
REVENUES:						
Property Taxes	\$39,514,514	\$39,800,000	\$39,935,238	\$38,384,561	\$36,782,934	\$36,067,912
Intergovernmental Revenue	7,629,880	7,550,000	11,317,826	9,162,546	12,368,050	12,481,611
Licenses, Fees, Charges for Service	540,002	710,000	718,930	873,696	533,843	420,072
Investment Income	65,000	80,000	289,164	297,150	157,430	78,146
Other Revenues	--	360,000	442,621	248,468	290,351	325,381
Total Revenues	47,749,396	48,500,000	52,703,779	48,966,424	50,132,608	49,373,122
EXPENDITURES						
Current:						
General Government	4,838,126	4,600,000	4,237,630	3,907,037	3,867,686	3,749,328
Public Safety	2,920,480	2,800,000	2,773,626	2,764,754	2,579,110	2,587,087
Public Works and Environment	3,248,773	3,100,000	2,944,928	2,962,126	2,912,969	3,106,240
Recreation and Social Services	1,027,705	1,000,000	811,916	811,690	824,048	832,031
Capital Budget and CNEF Levy	1,850,000	--	--	--	--	--
Education	33,183,506	32,000,000	34,574,784	32,239,603	34,722,599	33,926,677
Debt Service	1,644,620	2,070,000	2,767,355	3,426,245	3,534,891	3,644,006
Total Expenditures	48,713,210	45,570,000	48,110,239	46,111,455	48,441,303	47,845,369
Excess of Revenues Over (Under) Expenditures ...	(963,814)	2,930,000	4,593,540	2,854,969	1,691,305	1,527,753
Other Financing Sources (Uses)						
Operating Transfers In		635,001	18,567	66,177	237,045	130,199
Operating Transfers Out	(2,000,000)	(1,818,695)	(1,578,730)	(1,521,734)	(1,474,299)	(1,528,115)
Capital lease issuance	--	--	16,000	--	--	--
Total Other Financing Sources (Uses)	\$ 963,814	(1,183,694)	(1,544,163)	(1,455,557)	(1,237,254)	(1,397,916)
Net Change in Fund Balances		1,746,306	3,049,377	1,399,412	454,051	129,837
Fund Balance – Beginning of Year		9,714,611	6,665,234	5,265,822	4,811,771	4,681,934
Fund Balance – End of Year		\$11,460,917	\$ 9,714,611	\$ 6,665,234	\$ 5,265,822	\$ 4,811,771

¹ Budgetary basis

² Excludes State of Connecticut on-behalf-of teacher pension revenues and expenditures

5-Year Capital Improvement Program

	<u>TOTAL</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
TOWN						
* Road Construction	723,000	143,000	145,000	145,000	145,000	145,000
* Road Overlay	2,867,000	575,000	573,000	573,000	573,000	573,000
* Bridges. Culverts	13,942,801	1,000,000	6,983,725	5,859,076	50,000	50,000
* Capital Equipment	2,801,489	496,077	663,365	567,072	601,776	473,199
BOARD OF EDUCATION						
* Equipment	2,704,673	313,766	606,140	603,559	616,254	564,954
Improvements	2,531,642	382,264	483,311	540,194	566,542	559,331
Technology	2,158,420	303,970	558,451	488,139	411,368	396,492
PROPERTY VAL., ACQ, & REVAL						
Commercial/ Econ. Dev.*	100,000	--	50,000	50,000	--	--
Property Acquisition	1,000,000	--	300,000	400,000	300,000	--
Revaluation**	275,000	75,000	50,000	50,000	50,000	50,000
FACILITIES						
* Facility Improvements	6,529,000	3,714,000	2,000,000	705,000	55,000	55,000
SIDEWALK, ALIGNMENTS						
* Sidewalks	100,000	--	50,000	50,000	--	--
* Various Alignments	25,000	--	10,000	15,000	--	--
PROGRAM TOTAL	<u>35,758,025</u>	<u>7,003,077</u>	<u>12,472,992</u>	<u>10,046,040</u>	<u>3,368,940</u>	<u>2,866,976</u>
FUNDING SOURCES						
* General Fund	11,025,800					
* Town Aid Road Fund (TAR)	1,257,870					
* LoCIP	430,000					
* Communications Fund	50,000					
* Police Contractors Fund	103,500					
* PD Grant	23,500					
* Use of Cap Fund	100,000					
* Recreation Fund	85,000					
* Bond Proceeds & State Reimb	19,642,801					
* Financing	<u>3,039,554</u>					
	<u>35,758,025</u>					

VI. DEBT SUMMARY

Principal Amount of Bonded Indebtedness ¹

As of July 28, 2021

(Pro Forma)

Bonds

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Bonds Outstanding</u>	<u>Fiscal Year Maturity</u>
2/1/06	School	3.75-5.00	\$ 7,900,000	\$ 2,135,000	2026
2/1/06	Public Improvement	3.75-5.00	2,100,000	565,000	2026
2/13/13	School	3.00-4.00	3,400,000	390,000	2023
2/13/13	Public Improvement	3.00-4.00	5,300,000	610,000	2023
3/3/21	Public Improvement	4.00-2.00	1,350,000	1,350,000	2041
3/3/21	School	4.00-2.00	2,050,000	2,050,000	2041
3/3/21	Public Improvement Refunding*	0.35-2.10	3,020,000	3,020,000	2033
3/3/21	School Refunding*	0.35-2.10	2,235,000	2,235,000	2033
	Sub-Total Bonded Debt		27,355,000	12,355,000	
<u>This Issue</u>					
7/28/21	Public Improvement	--	2,700,000	2,700,000	2042
7/28/21	School	--	2,300,000	2,300,000	2042
	Sub-Total This Issue		5,000,000	5,000,000	
	Total Bonded Debt		\$32,235,000	\$17,355,000	

* Taxable

Other Commitments

Leases

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through December 2024 at interest rates from 2.2% to 2.92%. The Town has entered into capital lease agreements for the purchase of several vehicles and technology equipment.

	<u>Amount</u>
Assets:	
Vehicles and equipment	\$ 3,885,157
Less accumulated depreciation	<u>(1,873,875)</u>
Total	\$ 2,011,282

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2020 is as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 802,817
2022	626,979
2023	393,662
2024	208,300
2025	<u>63,809</u>
Total	2,095,567
Less amount representing interest	<u>(98,307)</u>
Total	\$1,997,260

Annual Long-Term Bonded Debt Service^{1, 2}
as of July 28, 2021
(Pro Forma)

Fiscal Year	Principal	Interest	Total	Pro Forma	
				This Issue Series C	Cumulative Percent Principal Retired
2022	\$ 1,285,000	\$ 349,596	\$ 1,634,596	--	7.40
2023	1,280,000	307,792	1,587,793	\$ 250,000	16.22
2024	1,280,000	253,678	1,533,678	250,000	25.04
2025	1,270,000	216,458	1,486,458	250,000	33.79
2026	1,255,000	177,618	1,432,618	250,000	42.47
2027	705,000	137,823	842,823	250,000	47.97
2028	695,000	124,068	819,068	250,000	53.41
2029	660,000	109,655	769,655	250,000	58.66
2030	650,000	94,525	744,525	250,000	63.84
2031	645,000	79,085	724,085	250,000	69.00
2032	640,000	64,960	704,960	250,000	74.13
2033	630,000	52,160	682,160	250,000	79.20
2034	170,000	39,100	209,100	250,000	81.62
2035	170,000	35,700	205,700	250,000	84.04
2036	170,000	30,600	200,600	250,000	86.46
2037	170,000	25,500	195,500	250,000	88.88
2038	170,000	20,400	190,400	250,000	91.30
2039	170,000	15,300	185,300	250,000	93.72
2040	170,000	10,200	180,200	250,000	96.14
2041	170,000	3,400	173,400	250,000	98.56
2042	--	--	--	250,000	100.00
	<u>\$12,355,000</u>	<u>\$2,147,618</u>	<u>\$14,502,619</u>	<u>\$5,000,000</u>	

Overlapping/Underlying Debt

The Town has neither overlapping nor underlying debt.

Debt Statement
as of July 28, 2021
(Pro Forma)

LONG-TERM DEBT OUTSTANDING

Public Improvement (includes \$2,700,000 of This Issue).....	\$ 8,245,000
Schools (includes \$2,300,000 of This Issue).....	<u>9,110,000</u>
TOTAL LONG-TERM DEBT	17,355,000
SHORT-TERM DEBT	<u>-0-</u>
TOTAL DIRECT AND OVERALL NET DEBT.....	\$17,355,000

Current Debt Ratios

as of July 28, 2021

(Pro Forma)

Population (2019) ¹	11,361
Net Taxable Grand List (10/1/20) ²	\$1,035,687,503
Estimated Full Value	\$1,479,553,576
Equalized Net Taxable Grand List (10/1/18) ³	\$1,554,087,392
Money Income per Capita (2019) ⁴	\$55,211

¹ US Department of Commerce, Bureau of Census, American Community Survey 2015 - 2019

² Revalued 10/1/17. Net taxable grand list at 70% of full value.

³ Office of Policy and Management, State of Connecticut

⁴ US Department of Commerce, Bureau of Census, American Community Survey 2015 – 2019

	Total Direct and Overall Net Debt
Per Capita	\$1,527.59
Ratio to Net Taxable Grand List	1.68%
Ratio to Estimated Full Value	1.17%
Ratio to Equalized Grand List	1.12%
Debt per Capita to Money Income per Capita ..	2.77%

Bond Authorization

Upon recommendation of the Board of Selectmen, the Board of Finance, and approval by a Town Meeting, the Town may issue temporary Bonds and Notes, provided, however, that for any resolution authorizing the issuance of Bonds in an amount greater than three percent (3%) of the Grand List, the Town may issue Bonds and Notes only after approval by a majority of voters voting at referendum.

Temporary Financing

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

Temporary notes must be permanently financed no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the 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 fifteen 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 (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 fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

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

- General Purpose: 2.25 times annual receipts from taxation
- School Purpose: 4.50 times annual receipts from taxation
- Sewer Purpose: 3.75 times annual receipts from taxation
- Urban Renewal Purpose: 3.25 times annual receipts from taxation
- Pension Obligation Purpose: 3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times annual receipts from taxation.

Annual receipts from taxation (the “base”) are defined as total tax collections, interest, penalties, late payment of taxes, and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The 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, and electricity, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, 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, allocation by the State Bond Commission, or contract 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 escrow of the proceeds of refunding Bonds, notes, or other obligations to provide for the payment of Bonds, notes, or other obligations.

Statement of Statutory Debt Limitation

as of July 28, 2021

(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2019	\$38,384,564
REIMBURSEMENT FOR REVENUE LOSS:	
Tax Relief for Elderly	70,750
BASE	<u>\$38,455,314</u>

	<u>General</u>	<u>School</u>	<u>Sewer</u>	<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>			<u>Renewal</u>	<u>Obligation</u>
DEBT LIMITATION:					
2.25 times base	\$86,524,457	--	--	--	--
4.50 times base	--	\$173,048,913	--	--	--
3.75 times base	--	--	\$144,207,428	--	--
3.25 times base	--	--	--	\$124,979,771	--
3.00 times base	--	--	--	--	\$115,365,942
Total debt limitation	<u>86,524,457</u>	<u>173,048,913</u>	<u>144,207,428</u>	<u>124,979,771</u>	<u>115,365,942</u>
INDEBTEDNESS:					
Bonds Outstanding	5,545,000	6,810,000	--	--	--
Bonds This Issue	2,700,000	2,300,000	--	--	--
Debt Authorized But Unissued	--	--	--	--	--
Total Indebtedness for					
Debt Limitation Calculation	<u>8,245,000</u>	<u>9,110,000</u>	--	--	--
DEBT LIMITATION IN EXCESS					
OF INDEBTEDNESS	<u>\$78,279,457</u>	<u>\$163,938,913</u>	<u>\$144,207,428</u>	<u>\$124,979,771</u>	<u>\$115,365,942</u>

Note: Although all indebtedness for the purposes of the debt limitation calculation amounts to \$17,355,000 in no event shall total indebtedness exceed seven times annual receipts from taxation. The maximum permitted under this formula would be \$269,187,198.

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

Authorized but Unissued Debt
as of July 28, 2021
(Pro Forma)

Project	Amount of Authorization	Previously Bonded	Bonds This Issue	Grants/Paydowns	Debt Authorized but Unissued	
					General Purpose	School
Bridges	\$13,716,000	\$1,350,000	\$2,700,000	\$ 9,666,000	--	--
Schools	7,100,000	2,050,000	2,300,000	2,750,000	--	--
	<u>\$20,816,000</u>	<u>\$3,400,000</u>	<u>\$5,000,000</u>	<u>\$12,416,000</u>	<u>--</u>	<u>--</u>

Principal Amount of Outstanding Debt
Last Five Fiscal Years

	2021	2020	2019	2018	2017	2016
Long-Term Debt	\$12,355,000	\$8,550,000	\$12,480,000	\$15,305,000	\$18,125,000	\$20,940,000
Short-Term Debt	--	--	--	--	--	--
Totals	<u>\$12,355,000</u>	<u>\$8,550,000</u>	<u>\$12,480,000</u>	<u>\$15,305,000</u>	<u>\$18,125,000</u>	<u>\$20,940,000</u>

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value ¹	Net Long Term Debt ²	Ratio of Net Debt to Assessed Value (%)	Ratio of Net Debt to Estimated Full Value (%)	Net Debt per Capita ³	Ratio of Net Debt per Capita to Per Capita Income (%) ⁴
2021	\$1,021,020,023	\$1,458,600,033	\$12,355,000	1.21	0.85	\$1,087.49	1.97
2020	1,003,655,584	1,433,793,691	8,550,000	0.85	0.60	752.57	1.36
2019	990,213,050	1,414,590,071	12,480,000	1.26	0.88	1,098.49	1.99
2018	977,286,900	1,396,124,143	15,305,000	1.57	1.10	1,347.15	2.44
2017 *	971,368,910	1,387,669,871	18,125,000	1.87	1.31	1,595.37	2.89
2016	965,474,890	1,379,249,843	20,940,000	2.17	1.52	1,843.15	3.34
2015	960,029,620	1,371,470,886	23,750,000	2.47	1.73	2,090.48	3.79
2014	954,011,490	1,362,873,557	26,085,000	2.73	1.91	2,296.01	4.16
2013	1,066,837,530	1,524,053,614	28,420,000	2.66	1.86	2,501.54	4.53
2012 *	1,057,105,520	1,510,150,743	22,045,000	2.09	1.46	1,940.41	3.51
2011	1,048,749,700	1,498,213,857	24,402,500	2.33	1.63	2,147.92	3.89

¹ Assessment Ratio, 70%; Last revaluation 10/1/17.

² Reflects deductions for contractual state school building construction grants receivable over the life of the respective issues.

³ U.S. Department of Commerce, Bureau of Census, American Community Survey 2015 – 2019: 11,361

⁴ Money Income per Capita (2019): \$55,211

* Revaluation

**Ratios of Annual Long-Term General Fund Debt Service Expenditures
to Total General Fund Expenditures**

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2021 ¹	\$1,645,000	\$425,000	\$2,070,000	\$47,388,695	4.37
2020	2,285,000	482,355	2,767,355	49,688,969	5.57
2019	2,825,000	601,245	3,426,245	47,633,189	7.19
2018	2,820,000	714,540	3,534,540	48,441,303	7.30
2017	2,815,000	827,990	3,642,990	47,845,369	7.61
2016	2,810,000	940,745	3,750,745	44,629,350	8.40
2015	2,335,000	1,040,905	3,375,905	43,675,820	7.73
2014	2,335,000	1,122,542	3,457,542	43,362,672	7.97
2013	2,325,000	970,410	3,295,410	41,797,578	7.88
2012	2,357,500	1,072,914	3,440,414	40,486,132	8.50
2011	2,827,500	1,199,297	4,026,797	40,661,659	9.90

¹ *Estimated/unaudited*

VII. LEGAL AND OTHER INFORMATION

Litigation

The Town of Granby, its officers, employees, boards, and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, in final judgments against the Town which would have a material adverse effect on the Town's financial position.

Documents Furnished at Delivery

Upon the delivery of the Bonds, the winning bidder will be furnished with the following:

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 Bonds or the levy or collection of taxes to pay them;
2. A Certificate signed on behalf of the Town by the Town Manager and the Treasurer which will be dated the date of delivery which will certify, to the best of said officials' knowledge and belief, that as of the date the bid on the Bonds was accepted and as of the closing date, 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 or omit to state a material fact necessary to make the statements therein, in 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 Bonds;
4. The approving opinion of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut substantially in the form of Appendix B attached to the Official Statement;
5. Executed Continuing Disclosure Agreements for the Bonds substantially in the form of Appendix C attached to this Official Statement;
6. The Town will provide the winning bidder, at its request, hard copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at delivery of the Bonds or by the 7th business day after the day bids on the Bonds are received. If the Town's municipal advisor is provided with the necessary information from the winning bidder by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the winning bidder and the name of the insurer, if any, and any corrections. Additional copies of the Official Statement may be obtained by the winning bidder at its own expense by arrangement with the printer.

The Town has prepared an Official Statement for the bond issue which is dated July 14, 2021. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(5), but it is subject to revision or amendment.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the winning bidder or holders of any of the Bonds. 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 of 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various Town officials, departments 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 GRANBY, CONNECTICUT

By: _____

WILLIAM F. SMITH, JR., *Town Manager*

By: _____

JOHN E. ADAMS, *Treasurer*

July 14, 2021

APPENDIX A

BASIC FINANCIAL STATEMENTS

TOWN OF GRANBY, CONNECTICUT

As of and for the Fiscal Year Ended June 30, 2020

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Appendix A -- BASIC FINANCIAL STATEMENTS are taken from the Annual Financial Report of the Town of Granby, Connecticut for the Fiscal Year ended June 30, 2020 and does not include all combining and individual fund and account group financial statements and schedules and supplementary data. A copy of the complete report is available upon request from the office of the Town Manager, 15 North Granby Road, Granby, CT 06060.

Independent Auditors' Report

To the Board of Finance
Town of Granby, 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 Granby, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Granby, 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. 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 Granby, Connecticut, as of June 30, 2020 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.

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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 2, 2020

Management's Discussion and Analysis

This Annual Financial Report is prepared using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as the managers of the Town of Granby, prepare a report that focuses on our most important, or "major" funds, including the general fund.

Fund statements measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Budgetary compliance remains an important part of governmental accountability. Our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Granby's financial position has improved or deteriorated as a result of the year's operations. The annual financial report includes government-wide financial statements prepared on the accrual basis for all of the government's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the government-wide financial statements will assist the reader to:

- Assess the finances of Granby in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, schools, parks, and other infrastructure assets; and
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- * **Management's Discussion and Analysis (MD&A)** - An introduction to the basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions, or conditions. The MD&A:
 - Includes comparisons of the current year to the prior year based on government-wide information;
 - Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
 - Analyzes significant changes in fund and major budget variances;
 - Describes capital asset and long-term debt activity during the year; and

- Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

Basic Financial Statements

- **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Town of Granby's finances, in a manner similar to private-sector business.
- *Government-Wide Financial Statements* include a *statement of net position* which presents information on all of the Town of Granby's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Granby is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation and sick leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government. Both of the government-wide financial statements distinguish functions of the Town of Granby that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works and environment, recreation and social services, education, and interest on long-term debt.
- Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with accumulated depreciation expense in the statement of net position. Net position is reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net position are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

Fund Financial Statements are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Granby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental fund* financial statements include financial data for the general fund, capital projects fund, special revenue funds, and permanent funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it is useful to compare the information presented for *governmental activities* in the government-wide financial statements with similar information presented for *governmental funds* in the long-term impact of the government-wide financial statements. By doing so, 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 Granby maintains thirty-one individual governmental funds. The twenty-six special revenue funds and two permanent funds are included in the nonmajor governmental funds category. 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, the capital projects fund, and the small cities fund, all of which are considered to be major funds. Data from the other twenty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the twenty-eight nonmajor governmental funds is provided in the form of *combining statements* under Supplemental Information, *Exhibits B-1 and B-2*. The Town of Granby adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget appropriations.
- *Proprietary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Town of Granby maintains one type of proprietary fund, an internal service fund. *Internal service funds* are an accounting device used to calculate and allocate costs internally among the Town of Granby's various functions. The Town uses an internal service fund to account for its employee health benefits, collecting employer and employee payments and disbursing payments as required. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Granby's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net position, a statement of revenues, expenses, and changes in net fund position, and a statement of cash flows. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund, the capital projects fund, and the small cities fund, the three major governmental funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Non-major funds are reported in the aggregate in a separate column as are internal service funds on the proprietary fund statements.

Governmental fund balances are segregated into five categories: nonspendable, restricted, committed, assigned, and unassigned. (See Exhibit III - Balance Sheet, Governmental Funds, Note 1.M. Fund Equity, and Note 10, Fund Balance, of the Notes to the Financial Statements for a detailed explanation).

Proprietary fund net position is reported in the same categories required for government-wide financial statements. Proprietary fund statements of net position distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net position.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. We must show a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary fund statements also disclose interfund loans, interfund services provided and used, and interfund transfers.

➤ Notes to the Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.

- Required Supplementary Information (RSI) consists of MD&A, budgetary comparison schedules, pension information, and retiree health insurance.

General Fund

RSI-1 Schedule of Revenues and Other Financing Sources - Budget and Actual

RSI-2 Schedule of Expenditures and Other Financing Uses - Budget and Actual

Pension Trust Fund:

RSI-3 Schedule of Changes in Net Pension Liability and Related Ratios

RSI-4 Schedule of Employer Contributions

RSI-5 Schedule of Investment Returns

Teachers Retirement Plan

RSI-6 Schedule of the Town's Proportionate Share of the Net Pension Liability

OPEB Plan

RSI-7 Schedule of Changes in Net OPEB Liability and Related Ratios

RSI-8 Schedule of Employer Contributions

RSI-9 Schedule of Investment Returns

Teachers OPEB Plan

RSI-10 Schedule of the Town's Proportionate Share of the Net OPEB Liability

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

As management of the Town of Granby, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here and in the Town's financial statements, Exhibits I to IX, and the Notes to the Financial Statements.

Financial Highlights

- The assets and deferred outflows of the Town of Granby exceeded its liabilities and deferred inflows at the close of the most recent year by \$57,280,126 (net position). Of this amount, \$4,362,560 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$4,669,604 up from June 30, 2019.
- As of the close of the fiscal year 2020, the Town's governmental funds reported combined ending fund balances of \$13,969,316, an increase of \$2,399,632 in comparison with the prior year. Unassigned fund balances amounted to a collective \$8,891,751, or 15.67% of total governmental funds revenues of \$56,729,519.
- At the end of the fiscal year 2020, unassigned fund balance for the general fund was \$8,927,497. Unassigned general fund balance represents 16.94% of total general fund revenues of \$52,703,779.
- The Town of Granby paid \$2,285,000 in maturing bond principal and issued no new bonds reducing our long-term debt to \$10,195,000. The Town entered into \$642,698 of new capital leases and made \$758,760 in lease payments for a year-end lease balance of \$1,997,260.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Granby, assets and deferred outflows exceeded liabilities and deferred inflows by \$57,280,126 at the close of the fiscal year 2020. By far the largest portion of the Town's net position, \$52,748,957 (92.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Granby uses these capital

assets to provide services to citizens consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1. Net Position

	Governmental Activities	
	2020	2019
Current and other assets	\$ 17,515,805	\$ 14,969,039
Capital assets, net of accumulated depreciation	<u>65,522,580</u>	<u>65,556,233</u>
Total assets	<u>83,038,385</u>	<u>80,525,272</u>
Deferred Outflow of Resources:	<u>3,628,697</u>	<u>1,278,147</u>
Long-Term Debt Outstanding	26,467,352	25,821,924
Other liabilities	<u>2,623,604</u>	<u>2,816,076</u>
Total liabilities	<u>29,090,956</u>	<u>28,638,000</u>
Deferred Inflow of Resources	<u>296,000</u>	<u>554,897</u>
Net Position:		
Net investment in capital assets	52,748,957	50,338,093
Restricted	168,609	191,022
Unrestricted	<u>4,362,560</u>	<u>2,081,407</u>
Total Net Position	<u>\$ 57,280,126</u>	<u>\$ 52,610,522</u>

A portion of the Town's net position, \$168,609 (0.29%), represents resources that are subject to external restrictions on how they may be used. An amount of \$150,595 is set aside for debt service and \$18,014 is restricted for nonexpendable trust purposes. The remaining balance of *unrestricted net position*, \$4,362,560, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2020, the Town of Granby is able to report positive balances in all three categories of net position both for government as a whole as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

The government's net position increased by \$4,669,604 from operations during the current fiscal year. There were a number of positive and negative influences on this outcome. Increasing net position were greater fund balances of \$2,399,632 (Exhibit IV) and a net reduction in outstanding debt and lease obligations of \$2,401,062. Further supplementing the positive net position increase was a net \$2,489,943 reconciling revenue reporting between funds and the statement of activities. Decreasing net position was a net \$2,722,233 reflecting a \$2,174,587 increase in OPEB liability and a \$957,543 increase in pension liability.

The Town brought in total general revenues of \$40,741,307 which exceeded its net program expenses of \$36,071,703 by the amount of the net position increase of \$4,669,604. Gross expenses of \$57,321,624 were offset by \$4,019,462 in charges for services, \$15,507,797 in operating grants and contributions, and \$1,722,662 in capital grants and contributions. The balance of the Town's total revenues of \$61,991,228 came in the form of \$39,951,952 of local property tax collections, \$112,314 of unrestricted grants and contributions, \$336,534 of unrestricted investment earnings, and \$340,507 of miscellaneous income. Of the net program expenses, \$24,445,590 was attributable to the Board of Education. Net general government expenses accounted for \$3,376,455, public safety \$2,853,097, public works and environment \$3,754,716, recreation and social services \$1,197,784, and interest on long-term debt \$444,061.

Governmental activities. Governmental activities increased the Town's net position by \$4,669,604 as discussed above and shown in the following chart, accounting for 100% of the total increase in our net position. Key elements of this increase are as follows:

Table 2. Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 4,019,462	\$ 4,241,366
Operating grants and contributions	15,507,797	11,659,856
Capital grants and contributions	1,722,662	331,943
General revenues:		
Property taxes	39,951,952	38,434,304
Grants and contributions not restricted to specific purpose	112,314	131,918
Unrestricted investment earnings	336,534	341,032
Other general revenues	340,507	84,838
Total revenues	<u>61,991,228</u>	<u>55,225,257</u>
Program Expenses:		
General government	4,691,492	5,226,205
Public safety	3,093,027	3,060,766
Public works and environment	4,764,117	5,091,384
Recreation and social services	1,729,649	1,666,976
Education	42,599,278	38,325,519
Interest on long-term debt	444,061	577,267
Total program expenses	<u>57,321,624</u>	<u>53,948,117</u>
Change in Net Position	4,669,604	1,277,140
Net Position at July 1	<u>52,610,522</u>	<u>51,333,382</u>
Net Position at End of Year	<u>\$ 57,280,126</u>	<u>\$ 52,610,522</u>

On the revenue side, total revenues from the prior year increased by \$6,765,971 or 12.25%. In program revenues, charges for services were slightly less than in the previous year by \$221,904 (5.23%) comprised of a \$238,472 decline in governmental activities fees, \$288,993 less in recreation and social services which was modestly offset by \$275,395 more charged for educational services. Operating grants and contributions showed a healthy increase of \$3,847,941 driven by \$4,543,165 of improved educational grants somewhat offset by a \$651,709 drop in general government funding. Capital grants and contributions rose for general government from \$331,943 to \$1,722,662 with an added \$1,595,875 for education. In general revenues, property tax collections were up \$1,517,648 (3.95%) reflecting a healthy collection rate of 99.17% for the current year levy.

On the expense side, the overall increase of \$3,373,507 was primarily driven by increased education expenditures of \$42,559,278, an additional \$4,273,759 (11.15%) over FY 2019. The rise in education expenses was driven primarily by the State Teachers' Retirement Board on-behalf-of contribution to the teachers' pension in the amount of \$7,175,600. The Town recognizes this transaction as a revenue and an expenditure but it does not represent an actual revenue or expenditure by the Town.

Chart 1 following presents the costs of each of the Town's six programs as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

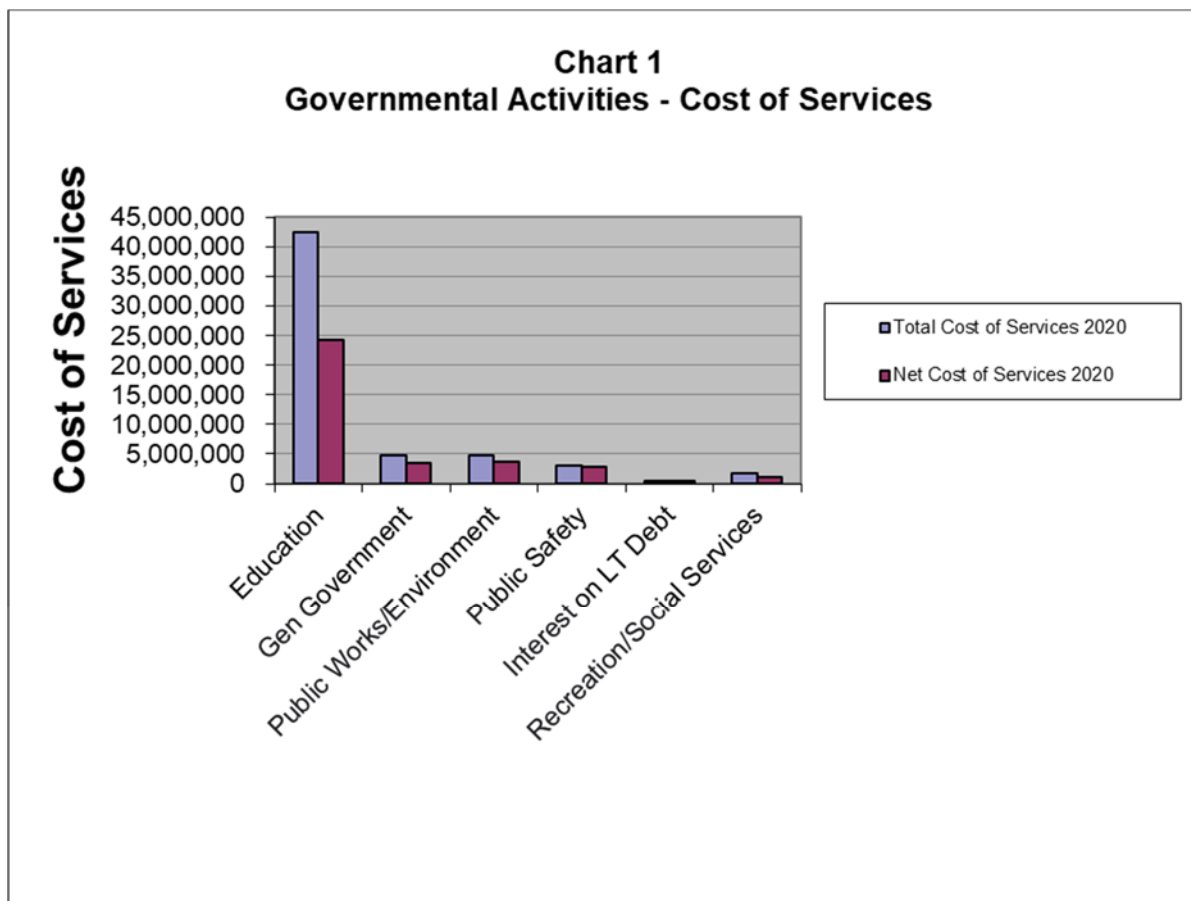
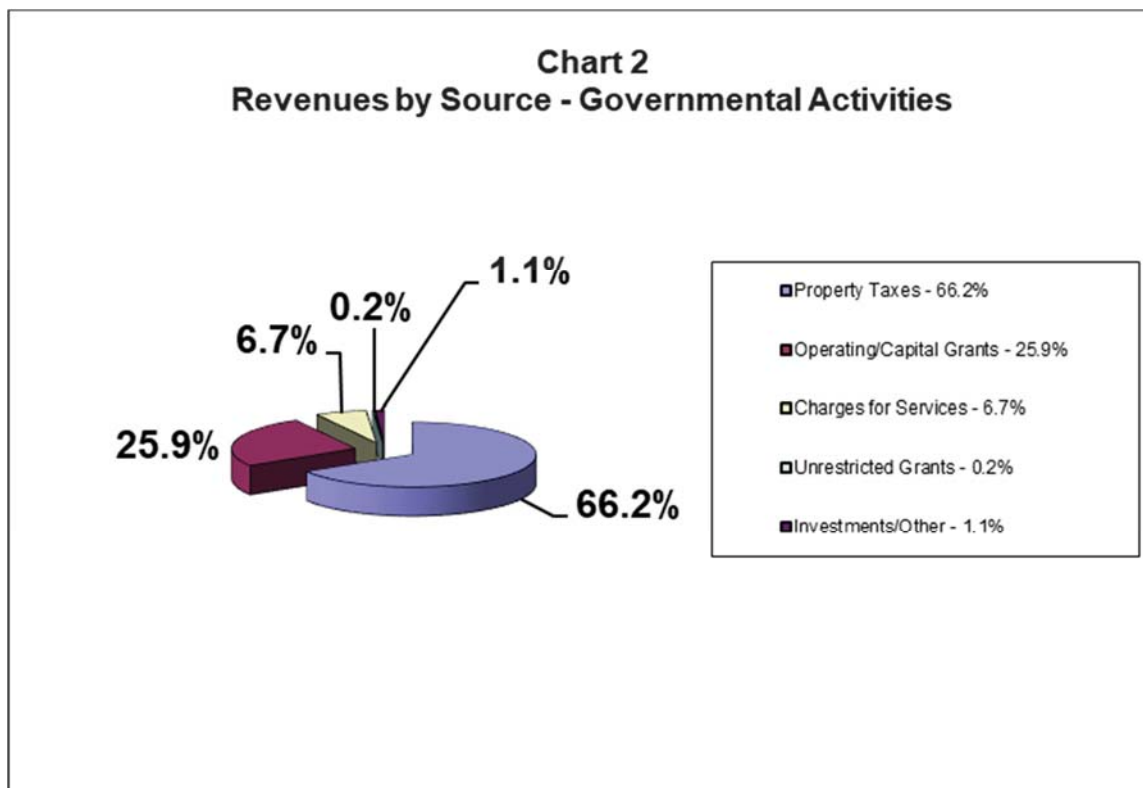


Chart 2 following indicates the sources of all Town revenues and the percentage of total Town revenue these individual revenues represent.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Granby'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 the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,969,316, an increase of \$2,399,632 in comparison with the prior year. Unrestricted fund balance (committed, assigned, and unassigned), which is available for spending at the government's discretion, amounts to \$12,703,463. The General Fund, the Capital Projects Fund, and the Other Governmental Funds all posted positive fund balances for the year. Nonspendable fund balance in the amount of \$18,014 is not available for new spending because it represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) and restricted fund balance of \$1,247,839 represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments, specifically, \$150,595 for debt service and \$1,097,244 for grants.

The general fund is the chief operating fund of the Town of Granby. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$8,927,497 and total fund balance was \$9,714,611. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund revenues. Unassigned fund balance represents 16.94% of total general fund revenues of \$52,703,779 and total fund balance 18.43%.

The fund balance of the Town's general fund increased by \$3,049,377 during the current fiscal year. The Town completed the year with an operating surplus of \$4,593,540, but with net transfers out of \$1,544,163 to our capital projects fund and a variety of nonmajor special revenue funds for budgeted expenditures, the Town still improved the total general fund balance to a closing \$9,714,611.

The capital projects fund balance fell by \$486,450 to \$614,219 reflecting \$3,214,427 of capital expenditures for purchase of technology equipment for the board of education, town vehicles, BOE buses, and equipment. These expenditures were funded by \$278,867 of grants, investment earnings and other revenues, \$1,905,990 of transfers in, and \$543,120 in new capital leases.

The small cities fund consists of a revolving loan fund and two grant funded capital accounts and is used for a housing rehabilitation program, Salmon Brook Elderly Housing, and the Stony Hill Village elderly housing. The fund realized \$23,257 in revenues from grants and homeowners repaying their loans and a general government outlay of \$2,280 for an operating gain of \$20,977 and a closing fund balance of \$113,362.

Proprietary fund. The Town of Granby's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As indicated earlier, we use an internal service fund to account for employee health benefits.

Net position of the internal service fund at the end of the 2020 year amounted to \$520,627, up \$134,853 from FY 2019, all of which is unrestricted. The total increase in net position for the fund arose due to contributions and interest of \$7,000,505 exceeding claims, OPEB contributions, and administrative fees of \$6,865,652.

General Fund Budgetary Highlights

The original revenue budget of \$46,166,273 and the final revenue budget remained unchanged. The original expenditure budget of \$46,766,273 was adjusted up by \$132,830 to reflect \$12,563 added to recreation and social services, \$28,428 more for public works, a \$39,762 increase in public safety (primarily in police operations and services), and \$52,077 extra for various general government needs.

During the year, actual revenues exceeded budgeted revenues by \$1,919,818 and actual expenditures were \$1,478,218 under budget, providing an overall positive budget variance of \$3,398,036.

Revenues

Property taxes, interest, and lien fees collected contributed \$958,619 more than expected and local revenues exceeded budget expectations by \$390,530. A \$174,294 additional education equalization grant and an additional \$55,192 in tuition paid by other towns plus other extra grant proceeds pushed total intergovernmental grants to a net total budget positive of \$161,215. Investment income realized \$248,356 over budget. Various other revenues added \$155,999 to the total \$1,919,818 positive budget variance.

Expenditures

The education budget of \$31,134,619 remained unchanged but careful cost controls returned \$902,062 to the Town.

Every expenditure category contributed to the positive budgetary outcome in varying amounts. For additional information, please see Exhibit RSI-1 and RSI-2 under Required Supplementary Information contained in this report.

Capital Asset and Debt Administration

Capital Assets. The Town of Granby's investment in capital assets for its governmental assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net decrease (after dispositions and depreciation) in the Town's net investment in capital assets for the current fiscal year was \$33,653.

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

Leases – The Town leased a number of pieces of equipment in FY 2020, as follows:

Dump Truck 2020 Freightliner 114SD plus attachments	\$171,407.00
BOE 2017 Thomas 77 passenger Bus (preowned)	\$50,006.00
BOE 3 Auto Scrubber w/gel batteries	\$17,614.00
BOE Scissor & Articulating Narrow Lifts	\$53,441.00
BOE Technology ¹	<u>250,652.00</u>
	<u>\$543,120.00</u>
Q&D Technology	<u>\$83,578.00</u>
Copiers	<u>\$16,000.00</u>

¹ *Wireless access points, business dept. doc. management system, replacement phone system, servers (KL/MS/HS/CS), projectors/touch screen boards, security cameras, printers (conventional and 3D), computers*

Capital projects – The Town completed the Granby Memorial Middle School gutter system, Salmon Brook Park Pavilion roof and Holcomb Farm Main Barn roof projects. The Town started on the Granby Memorial Middle School roof, High School stairwell, High School roof, High School science room, and the Griffin Bridge and Hungary Bridge projects. The Town also accepted land (0.514 acres) and its improvement in April 2020. All together, these projects and the land totaled \$2,247,525 as reported for land (\$65,300), construction in progress (\$372,252) and buildings and improvements (\$1,809,973) which were paid for by the operating budget capital account.

A summary of our capital assets is as follows:

Table 3. Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities	
	2020	2019
	Land (not depreciated)	\$ 8,527,129
Construction in progress (not depreciated)	856,098	483,846
Buildings and improvements	37,574,446	37,658,000
Vehicles and equipment	3,031,645	2,794,795
Infrastructure	15,533,262	16,157,763
Total	<u>\$ 65,522,580</u>	<u>\$ 65,556,233</u>

Additional information on the Town of Granby's capital assets can be found in Note 5, Capital Assets of this report.

Long-Term Debt. At the end of the 2020 fiscal year, the Town of Granby had \$10,195,000 of long-term bonded debt and no short-term debt. The Town paid off \$2,285,000 of bond principal and \$444,061 of interest. The outstanding capital leases stood at \$1,997,260 at year end after the addition of \$642,698 of new equipment and payments of \$758,760. One hundred percent of Granby's indebtedness is general obligation debt secured by the full faith and credit of the Town.

Table 4. Long-Term Debt

Date	Purpose	Rate	Original	Debt	Fiscal Year Maturity
2/15/2006	Public Improvement	3.8-5.00	\$ 10,000,000	\$ 3,245,000	2026
8/15/2006	School	4.0-5.00	7,800,000	600,000	2021
2/15/2013	Public Improvement	2.0-4.0	<u>8,700,000</u>	<u>6,350,000</u>	2033
			<u>\$ 26,500,000</u>	<u>\$ 10,195,000</u>	

The Town issued no new debt this fiscal year.

On June 4, 2019, the Town by referendum appropriated and authorized the issuance of \$13,716,000 of road bonds, \$7,100,000 of school bonds, and \$4,215,000 for solar paneling. We anticipate financing for the initial stages of these projects will begin in FY 2021.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections plus interest and lien fees. For June 30, 2020, the maximum amount of borrowing permitted under the formula would be \$269,187,198. With total borrowings of \$10,195,000 and an aggregate \$20,816,000 of debt authorized but unissued, the Town's outstanding general obligation debt is \$238,176,198 below the maximum debt limitation (See Note 8. Long-Term Debt, of this report and Table 10 - Statement of Debt Limitation).

Standard & Poor's Corporation (S&P), one of the three nationally recognized municipal credit rating agencies, rates our outstanding bonded debt "AA+".

The Town has entered into a number of capital leases which are treated as a long-term liability on the balance sheet. These leases vary in duration through December 1, 2024 and bear interest rates from 2.20% to 2.92%. As of June 30, 2020, we had combined capital lease obligations outstanding in the amount of \$1,997,260, the proceeds of which were used as described earlier. See "Capital Assets" above. Also see Note 9. Leases, of this report.

Economic Factors and Next Year's Budget

Suspension of In-Person Budget Adoption Requirements for Municipalities.

On March 21, 2020, Governor Ned Lamont issued Executive Order No. 71 (the "Order") to address municipal and school district concerns related to their budgets, deadlines and other related matters as a result of coronavirus disease 2019 ("COVID-19").

The Order includes the following notable provisions:

EXTENSION OF BUDGET DEADLINES FOR OTHER MUNICIPAL BODIES:

As we have already indicated, via Executive Order 7C", Governor Lamont ordered a 30 day extension of all municipal budget deadlines occurring on or before May 15, 2020 that pertain to the preparation of a municipal budget for the 2020-2021 fiscal year. The Order clarifies that these deadline extensions apply to all municipalities and quasi municipal corporations, including any village, school, sewer, fire, lighting, special services or special taxing district, beach or improvement association, any regional water or resource recovery authority or any other political subdivision of the state or any municipality.

BUDGET ADOPTION/SUSPENSION OF IN-PERSON BUDGET ADOPTION REQUIREMENTS:

Municipalities

- The Order overrides any contrary statutes, charters and ordinance and requires a municipality's legislative body or, in a municipality where the legislative body is the town meeting, the board of selectmen, to authorize the municipality's "budget-making authority" to adopt a budget for the July 1, 2020 - June 30, 2021 fiscal year and set a mill rate.
- Most importantly, the Order provides that budgets shall be adopted without holding votes required by charter or without complying with any in-person budget adoption requirements, including town meetings, referendum or special town meetings.
- The Order still requires the budget-making authority to comply with the public meeting requirements set forth in Executive Order 7B and take all reasonable steps to publicize the draft municipal budget and receive public comments, including publishing draft budgets on the municipal website and providing an email address or other means for the public to submit timely comments on the proposed budget.

Notwithstanding any contrary provision of the Connecticut General Statutes, including Title 7, or any special act, municipal charter or ordinance that conflicts with this order, the legislative body of a municipality or, in a municipality where the legislative body is a town meeting, the board of selectmen, shall authorize the budget-making authority within said municipality to adopt a budget for the July 1, 2020 - June 30, 2021 fiscal year and to set a mill rate sufficient, in addition to the other estimated yearly income of such town and in addition to such revenue surplus, if any, as may be appropriated, not only to pay the expenses of the municipality for said fiscal year, but also to absorb the revenue deficit of such town, if any, at the beginning of said fiscal

year without holding votes required by charter or without complying with any in-person budget adoption requirements, including but not limited to, annual town meetings requiring votes, referendum, and special town meetings. In so acting, the budget-making authority of the municipality shall comply with public meeting requirements consistent with requirements set forth in Executive Order 78 and shall thereby take all reasonable steps to publicize the draft municipal budget for said fiscal year and to receive public comment thereon, including but not limited to publishing draft budgets on the website and providing an email address or other means for the public to submit timely comments on the proposed budget. The Granby Board of Finance adopted the FY 2021 budget on April 13, 2020 in compliance with the governing executive orders and set the mill rate at 39.61, the same as last year.

- The unemployment rate for the Town of Granby was 6.6% as of June 30, 2020 (preliminary subject to revision due to Covid-19 effects), which is a 4.0% increase from a rate of 2.6% from a year ago. This compares favorably to the state's average unemployment rate of 10.2% and the national average rate of 11.2% (not seasonally adjusted).
- Inflationary trends in the region compare favorably to the national indices.

The FY 2020 - 21 budget incorporates several goals and objectives:

- Budget in a conservatively and fiscally responsible manner that will provide municipal service to our citizens.
- Explore alternative methods of providing services, including joint endeavors and shared services.
- Provide funding to meet the long-term capital needs of the Town and to fund the maintenance of its assets.
- Move away from capital lease borrowing and fund for purchases in the Capital Equipment/Improvement Fund.
- Develop a multi-year plan to increase the unassigned fund balance reserves to seventeen percent.
- Expand revenue sources available to the Town, including but not limited to the Grand List.

For FY 2020 - 2021, Granby's budget rose \$856,068 (1.83%) from \$46,766,273 to \$47,622,341 without generating a mill rate increase.

Revenues

The local real estate, personal property, and motor vehicle tax levy on the grand list of October 1, 2019 rose \$620,290 to \$39,621,847. Intergovernmental grants from the state and federal government were set at \$6,872,966 which is \$259,695 more than last year's \$6,613,271. We budgeted a \$102,083 increase in local revenues and transfers from fiscal year 2020's \$581,445 to \$683,528. We budgeted use of general fund balance to offset further tax increases in the amount of \$444,000, down \$156,000 from the prior year.

Expenditures

General government expenditures of \$11,738,716 (before capital expenditures and debt service) are \$420,284 over last year and represent 24.65% of the total budget. Major increases occurred in administration (\$320,885) which included fringe benefits increases of (\$248,599). The Board of Education's \$32,043,750 (up \$909,131 from last year) budget share amounted to 67.29% of the \$47,622,341 budget. There were no budgeted CNEF capital outlays, but \$2,372,440 of capital outlay came from the general fund operating budget for \$1,750,000, \$256,644 from Town Aid Roads grants, \$100,000 from LOCIP grants, \$50,000 from Communications fund, and \$215,796 from various other funds including \$120,550 from the Recreation fund.

The remainder of the budget is devoted to debt service (\$2,089,875 – 4.39%). Debt service, almost all of which is education related, decreased by \$687,480 reflecting decreased principal payments and interest expense as outstanding principal is amortized.

All of these factors were considered in preparing the Town of Granby's budget for the 2021 fiscal year.

At the close of the June 30, 2020 fiscal year, the total fund balance for the general fund was \$9,714,611. The Town has appropriated \$444,000 of this amount for spending in the 2021 fiscal year budget. The unassigned fund balance in the general fund was reported at \$8,927,497.

Requests for Information

This financial report is designed to provide a general overview of the Town of Granby's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or to the Administration Finance Officer, Town of Granby, 15 North Granby Road, Granby, CT 06035-2125.

**TOWN OF GRANBY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 15,088,368
Receivables, net	2,427,437
Capital assets not being depreciated	9,383,227
Capital assets being depreciated, net	56,139,353
Total assets	83,038,385
Deferred Outflows of Resources:	
Deferred outflows related to pensions	776,953
Deferred outflows related to OPEB	2,851,744
Total deferred outflows of resources	3,628,697
Liabilities:	
Accounts and other payables	641,186
Accrued interest	144,329
Unearned revenue	1,393,089
Claims payable	445,000
Noncurrent liabilities:	
Due within one year	2,880,818
Due in more than one year	23,586,534
Total liabilities	29,090,956
Deferred Inflows of Resources:	
Deferred inflows related to pensions	268,474
Advance property tax collections	27,526
Total deferred inflows of resources	296,000
Net Position:	
Net investment in capital assets	52,748,957
Restricted for:	
Debt service	150,595
Trust purposes:	
Nonexpendable	18,014
Unrestricted	4,362,560
Total Net Position	\$ 57,280,126

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 4,691,492	\$ 1,143,409	\$ 42,841	\$ 128,787	\$ (3,376,455)
Public safety	3,093,027	233,500	6,430		(2,853,097)
Public works and environment	4,764,117	677,107	332,294		(3,754,716)
Recreation and social services	1,729,649	434,527	97,338		(1,197,784)
Education	42,599,278	1,530,919	15,028,894	1,593,875	(24,445,590)
Interest on long-term debt	444,061				(444,061)
Total	\$ 57,321,624	\$ 4,019,462	\$ 15,507,797	\$ 1,722,662	(36,071,703)
General revenues:					
Property taxes					39,951,952
Grants and contributions not restricted to specific programs					112,314
Unrestricted investment earnings					336,534
Miscellaneous					340,507
Total general revenues					<u>40,741,307</u>
Change in net position					4,669,604
Net Position at Beginning of Year					<u>52,610,522</u>
Net Position at End of Year					<u>\$ 57,280,126</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 14,792,402	\$	\$ 113,362	\$ 166,954	\$ 15,072,718
Receivables, net	521,428	118,113	1,116,780	121,199	1,877,520
Due from other funds	61,986	740,464		3,685,783	4,488,233
Total Assets	<u>\$ 15,375,816</u>	<u>\$ 858,577</u>	<u>\$ 1,230,142</u>	<u>\$ 3,973,936</u>	<u>\$ 21,438,471</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 388,548	\$ 38,445	\$	\$ 196,317	\$ 623,310
Due to other funds	4,844,183			61,986	4,906,169
Unearned revenue		87,800	1,116,780	188,509	1,393,089
Total liabilities	<u>5,232,731</u>	<u>126,245</u>	<u>1,116,780</u>	<u>446,812</u>	<u>6,922,568</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	400,948				400,948
Unavailable revenues - grants		118,113			118,113
Advance tax collections	27,526				27,526
Total deferred inflows of resources	<u>428,474</u>	<u>118,113</u>	<u>-</u>	<u>-</u>	<u>546,587</u>
Fund Balances:					
Nonspendable				18,014	18,014
Restricted			113,362	1,134,477	1,247,839
Committed	51,858	614,219		2,410,379	3,076,456
Assigned	735,256				735,256
Unassigned	8,927,497			(35,746)	8,891,751
Total fund balances	<u>9,714,611</u>	<u>614,219</u>	<u>113,362</u>	<u>3,527,124</u>	<u>13,969,316</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,375,816</u>	<u>\$ 858,577</u>	<u>\$ 1,230,142</u>	<u>\$ 3,973,936</u>	<u>\$ 21,438,471</u>

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TOWN OF GRANBY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020

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)	\$ 13,969,316
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 124,304,224
Less accumulated depreciation	<u>(58,781,644)</u>
Net capital assets	65,522,580
Other long-term assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	289,229
Interest receivable on property taxes	111,719
Grant receivables greater than 60 days	118,113
Deferred outflows of resources related to pensions	776,953
Deferred outflows of resources related to OPEB	2,851,744
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.	
	520,627
Long-term liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(3,789,380)
Bonds and notes payable	(10,195,000)
Interest payable on bonds and notes	(144,329)
Compensated absences	(945,136)
Capital lease	(1,997,260)
Unamortized bond premium	(581,363)
Net OPEB liability	(8,959,213)
Deferred inflows of resources related to pensions	<u>(268,474)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 57,280,126</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 39,935,238	\$	\$	\$	\$ 39,935,238
Intergovernmental	11,317,826	216,497		1,862,487	13,396,810
Licenses, fees and charges for services	718,930			1,571,578	2,290,508
Investment income	289,164	10,564	57	13,875	313,660
Other revenues	442,621	51,806	23,200	275,676	793,303
Total revenues	<u>52,703,779</u>	<u>278,867</u>	<u>23,257</u>	<u>3,723,616</u>	<u>56,729,519</u>
Expenditures:					
Current:					
General government	4,237,630		2,280	5,500	4,245,410
Public safety	2,773,626			42,358	2,815,984
Public works and environmental	2,944,928			573,202	3,518,130
Recreation and social services	811,916			726,524	1,538,440
Education	34,574,784			2,298,055	36,872,839
Capital outlay		3,214,427			3,214,427
Debt service	2,767,355				2,767,355
Total expenditures	<u>48,110,239</u>	<u>3,214,427</u>	<u>2,280</u>	<u>3,645,639</u>	<u>54,972,585</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,593,540</u>	<u>(2,935,560)</u>	<u>20,977</u>	<u>77,977</u>	<u>1,756,934</u>
Other Financing Sources (Uses):					
Transfers in	18,567	1,905,990		128,730	2,053,287
Transfers out	(1,578,730)			(474,557)	(2,053,287)
Capital lease issuance	16,000	543,120		83,578	642,698
Total other financing sources (uses)	<u>(1,544,163)</u>	<u>2,449,110</u>	<u>-</u>	<u>(262,249)</u>	<u>642,698</u>
Net Change in Fund Balances	3,049,377	(486,450)	20,977	(184,272)	2,399,632
Fund Balances at Beginning of Year	<u>6,665,234</u>	<u>1,100,669</u>	<u>92,385</u>	<u>3,711,396</u>	<u>11,569,684</u>
Fund Balances at End of Year	<u>\$ 9,714,611</u>	<u>\$ 614,219</u>	<u>\$ 113,362</u>	<u>\$ 3,527,124</u>	<u>\$ 13,969,316</u>

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TOWN OF GRANBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 2,399,632
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,007,412
Depreciation expense	(3,025,273)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(15,792)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(5,838)
Property tax interest and lien revenue - accrual basis change	22,552
Grant receivable - accrual basis change	118,113
Change in deferred outflows amounts related to pensions	400,936
Change in deferred outflows amounts related to OPEB	1,954,180

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

Bond principal payments	2,285,000
Capital lease payments	758,760
Capital lease financing	(642,698)

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 the governmental funds:

Compensated absences	37,619
Accrued interest	52,506
Amortization of deferred charge on refunding	(4,566)
Amortization of bond premiums	48,021
OPEB liability	(2,174,587)
Pension liability	(957,543)
Change in deferred inflows amounts related to pensions	276,317

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	134,853
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Change in Net Position of Governmental Activities (Exhibit II)	\$ 4,669,604
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The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	Governmental Activities
	Internal Service Fund
Assets:	
Current:	
Cash and cash equivalents	\$ 15,650
Receivables	549,917
Due from other funds	<u>417,936</u>
Total assets	<u>983,503</u>
Liabilities:	
Current:	
Accounts and other payables	17,876
Risk management claims	<u>445,000</u>
Total liabilities	<u>462,876</u>
Net Position:	
Unrestricted	<u>\$ 520,627</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Contributions	\$ 4,747,101
Employee contributions	1,421,166
Other	809,364
Total operating revenues	<u>6,977,631</u>
Operating Expenses:	
Health insurance claims	5,842,223
Contribution to OPEB Trust Fund	296,256
Administrative and management fees	727,173
Total operating expenses	<u>6,865,652</u>
Operating Loss	111,979
Nonoperating Revenue:	
Revenues from use of money	<u>22,874</u>
Change in Net Position	134,853
Net Position at Beginning of Year	<u>385,774</u>
Net Position at End of Year	<u>\$ 520,627</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from charges for services and contributions	\$ 6,646,801
Cash paid for claims, premiums and fees	<u>(6,801,408)</u>
Net cash provided by (used in) operating activities	(154,607)
Cash Flows from Investing Activities:	
Income on investments	<u>22,874</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(131,733)
Cash and Cash Equivalents at Beginning of Year	<u>147,383</u>
Cash and Cash Equivalents at End of Year	<u>\$ 15,650</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ <u>111,979</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in receivables	(549,917)
(Increase) decrease in due from other funds	219,087
Increase (decrease) in accounts payable	4,244
Increase (decrease) in risk management claims	<u>60,000</u>
Total adjustments	<u>(266,586)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (154,607)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 223,004	\$ 360,772
Investments - mutual funds	20,834,311	
Accounts receivable	<u>5,598</u>	<u>103,894</u>
Total assets	21,062,913	\$ <u><u>464,666</u></u>
Liabilities:		
Due to employees and others	<u>-</u>	\$ <u><u>464,666</u></u>
Net Position:		
Restricted for pension benefits	18,752,909	
Restricted for OPEB benefits	<u>2,310,004</u>	
Total Net Position	\$ <u><u>21,062,913</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Pension and Other Post Employment Benefits Trust Funds
Additions:	
Contributions:	
Employer	\$ 1,479,338
Employee	161,887
Total contributions	<u>1,641,225</u>
Investment income (loss):	
Net change in fair value of investments	725,261
Interest and dividends	420,658
Total investment gain (loss)	<u>1,145,919</u>
Less investment expenses:	
Investment management fees	36,412
Net investment income (loss)	<u>1,109,507</u>
Total additions	<u>2,750,732</u>
Deductions:	
Benefits	1,910,634
Administrative expenses	12,514
Total deductions	<u>1,923,148</u>
Change in Net Position	827,584
Net Position at Beginning of Year	<u>20,235,329</u>
Net Position at End of Year	<u>\$ 21,062,913</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Granby (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 policies of the Town are described below.

A. Reporting Entity

The Town operates under a Charter as revised in November 2012. The form of government includes an elected Board of Selectmen, consisting of a First Selectman and four other members, an elected seven-member Board of Education, and an elected six-member Board of Finance.

Generally, the legislative power of the Town is vested with the Board of Selectmen. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Town Charter and Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval. The Town has the power to incur indebtedness by issuing bonds or notes as provided by Town Charter and Connecticut General Statutes.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund 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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the Capital Projects Fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and interest income.

The Small Cities Fund accounts for federal grants to be used for the rehabilitation of private residential structures.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk management activities of the Town.

The Pension and Other Employee Benefit Trust Funds account for the activities of the Town's Pension Plan and the Town Post Employment Benefit plan, which accumulates resources for pension benefit payments and healthcare payments to qualified Town employees.

The Agency Funds are custodial in nature (assets equal liabilities) and so do not involve measurement of results of operation. The High School Activity, Middle School Activity, Kearns School Activity, Wells Road School Activity, Scholarship Fund, Contract Security Fund, and Flexible Spending Fund are the Town's agency funds.

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's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for services. Operating expenses for the internal service fund include the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. 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." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Based upon the annual budget as adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Property taxes are levied in June on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property tax bills in excess of \$100 are payable in two installments, July 1 and January 1, and motor vehicle taxes are payable in one installment on July 1. Taxes become delinquent 30 days after the installment is due. Delinquent taxes are billed at least six times a year, with interest at the rate of 1.5% per month. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are normally lien-ed each year prior to June 30 with legal demands and alias warrants used in the collection of personal property and motor vehicle tax bills. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date through July 31 and are payable in one installment, which is due January 1.

Property tax revenues are recorded as receivable on the due date and are recognized as revenues to the extent collected during the fiscal year or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue in the fund financial statements. Property taxes receivable at June 30, 2020 is stated net of allowance for estimated uncollectible amounts of \$61,765.

The Town levies special assessments for the purpose of financing the construction of sanitary sewers. Such assessments are collectible in installments as provided by the Connecticut General Statutes. Assessment revenues are recognized when they are collected.

**TOWN OF GRANBY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	15-25
Public domain infrastructure	30-60
Vehicles	3-15
Office equipment	5-10
Computer equipment	5-10

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience and investment gains or losses. 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).

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 advance property tax collections and deferred inflows of resources related to pension in the government-wide statement of net position. Advance 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 resulted from differences between expected and actual experience. 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 plan (active employees and inactive employees). For governmental funds, in addition to advance tax collections, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is valued using current salary costs, as well as any salary related payments that are directly and incrementally connected with leave payments to employees. Sick leave accruals are also based on current salary costs as well as salary-related payments. In the event of termination, employees are compensated for accumulated vacation and sick time, and the expenditure is recognized in the governmental fund financial statements, typically, the General Fund.

J. 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.

K. 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.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant 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, are reported as debt service expenditures.

M. Fund Equity

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 component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance). Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Town Manager that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

N. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 2, 2020.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

For purposes of preparing the annual budget, the Town Manager compiles preliminary estimates of all departments and agencies, with the exception of the Board of Education, for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen's and Education budget estimates as it deems desirable, and then holds a public hearing and presents a proposed budget on the second Monday in April. A machine vote on the budget is taken on the fourth Monday in April. If the budget does not pass, a hearing shall be held on the succeeding Monday for informational purposes with a machine vote on the following Monday. The process shall continue in this manner until a budget is adopted. The Board of Finance may make revisions between machine votes. Summaries of the revisions are then made available to the public.

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Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen and certification on availability of the funds by the Town Manager. In this function, department budget accounts serve as the legal level of control. As a result of additional appropriations during fiscal year 2020, the original General Fund operating budget was increased by \$132,830.

Unencumbered appropriations lapse at the end of the fiscal year except for those in the capital projects and special revenue funds. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in either restricted, committed or assigned fund balance depending on the level of restriction and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Budgets for Special Revenue Funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period that does not coincide with the Town's fiscal year.

Legal authorization for Capital Projects is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until the purpose for which they are designated is completed.

Expenditures that will exceed the adopted budgets can be made only upon the authority of a supplemental appropriation or an approved budgetary transfer.

B. Fund Deficits

At June 30, 2020, the Town reported deficit fund balance for the following funds:

Nonmajor Governmental Funds:	
Dog	\$ 374
Cafeteria	34,086
Emergency Management	1,286

The Town plans to address these deficits in subsequent years through future revenues and grants.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are

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limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,709,541 of the Town’s bank balance of \$14,718,974 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,238,586
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,470,955</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 13,709,541</u>

Cash Equivalents

At June 30, 2020, the Town’s cash equivalents amounted to \$2,245,906. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*

*Not Rated

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Investments

As of June 30, 2020, the Town’s investments of \$20,834,311 were comprised entirely of mutual funds.

Interest Rate Risk

The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

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.

Concentration of Credit Risk

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town’s total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2020, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town’s name.

Fair Value Disclosure

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, 2020:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ <u>20,834,311</u>	\$ <u>20,834,311</u>	\$ <u>-</u>	\$ <u>-</u>

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 111,719	\$	\$	\$	\$ 111,719
Taxes	444,904				444,904
Intergovernmental		118,113		121,199	239,312
Loans			1,116,780		1,116,780
Other	26,570			659,409	685,979
Gross receivables	<u>583,193</u>	<u>118,113</u>	<u>1,116,780</u>	<u>780,608</u>	<u>2,598,694</u>
Less allowance for uncollectibles	<u>(61,765)</u>				<u>(61,765)</u>
Net Total Receivables	<u>\$ 521,428</u>	<u>\$ 118,113</u>	<u>\$ 1,116,780</u>	<u>\$ 780,608</u>	<u>\$ 2,536,929</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 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	\$ 8,461,829	\$ 65,300	\$	\$ 8,527,129
Construction in progress	483,846	372,252		856,098
Total capital assets not being depreciated	<u>8,945,675</u>	<u>437,552</u>	<u>-</u>	<u>9,383,227</u>
Capital assets being depreciated:				
Buildings and improvements	69,874,253	1,809,973		71,684,226
Vehicles and equipment	9,146,838	759,887	(590,036)	9,316,689
Infrastructure	33,920,082			33,920,082
Total capital assets being depreciated	<u>112,941,173</u>	<u>2,569,860</u>	<u>(590,036)</u>	<u>114,920,997</u>
Less accumulated depreciation for:				
Buildings and improvements	(32,216,253)	(1,893,527)		(34,109,780)
Vehicles and equipment	(6,352,043)	(507,245)	574,244	(6,285,044)
Infrastructure	(17,762,319)	(624,501)		(18,386,820)
Total accumulated depreciation	<u>(56,330,615)</u>	<u>(3,025,273)</u>	<u>574,244</u>	<u>(58,781,644)</u>
Total capital assets being depreciated, net	<u>56,610,558</u>	<u>(455,413)</u>	<u>(15,792)</u>	<u>56,139,353</u>
Governmental Activities Capital Assets, Net	<u>\$ 65,556,233</u>	<u>\$ (17,861)</u>	<u>\$ (15,792)</u>	<u>\$ 65,522,580</u>

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

Governmental activities:	
General government	\$ 65,638
Public safety	90,706
Public works and environment	736,974
Recreation and social services	110,901
Education	<u>2,021,054</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 3,025,273</u>

6. 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, 2020 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 61,986
Capital Projects Fund	General Fund	740,464
Nonmajor Governmental Funds	General Fund	3,685,783
Internal Service Fund	General Fund	<u>417,936</u>
 Total		 <u>\$ 4,906,169</u>

The outstanding balances 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.

Interfund transfers:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
General Fund	\$	\$ 1,450,000	\$ 128,730	\$ 1,578,730
Nonmajor Governmental Funds	<u>18,567</u>	<u>455,990</u>		<u>474,557</u>
 Total Transfers In	 <u>\$ 18,567</u>	 <u>\$ 1,905,990</u>	 <u>\$ 128,730</u>	 <u>\$ 2,053,287</u>

Transfers are used to move General Fund revenues to finance various capital projects in accordance with budgetary authorizations, as well as to transfer amounts provided as subsidies or matching funds for various grant programs.

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7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 12,480,000	\$	\$ 2,285,000	\$ 10,195,000	\$ 1,645,000
Issuance premium on bonds	629,384		48,021	581,363	
Total bonds payable	13,109,384	-	2,333,021	10,776,363	1,645,000
Capital leases	2,113,322	642,698	758,760	1,997,260	753,656
Compensated absences	982,755	420,534	458,153	945,136	482,162
Net OPEB liability	6,784,626	2,174,587		8,959,213	
Net pension liability	2,831,837	957,543		3,789,380	
Total Governmental Activities Long-Term Liabilities	<u>\$ 25,821,924</u>	<u>\$ 4,195,362</u>	<u>\$ 3,549,934</u>	<u>\$ 26,467,352</u>	<u>\$ 2,880,818</u>

For the governmental activities, compensated absences, net pension liability and net OPEB liability are generally liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding, their purpose and interest rate are as follows:

<u>Description</u>	
\$10,000,000 - General obligation bonds issued February 15, 2006 and maturing on February 15, 2026; interest rate from 3.8% to 5.0%	\$ 3,245,000
\$7,800,000 - General obligation bonds issued August 15, 2006 and maturing August 15, 2020; interest rate from 4.0% to 5.0%	600,000
\$8,700,000 - General obligation bonds issued February 13, 2013 and maturing February 1, 2033; interest rate from 2.0% to 4.0%	<u>6,350,000</u>
Total Bond Indebtedness	<u>\$ 10,195,000</u>

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The following is a schedule of future debt service requirements as of June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,645,000	\$ 384,875	\$ 2,029,875
2022	1,040,000	327,625	1,367,625
2023	1,040,000	285,625	1,325,625
2024	1,040,000	238,625	1,278,625
2025	1,040,000	195,375	1,235,375
2026-2030	2,980,000	491,100	3,471,100
2031-2033	<u>1,410,000</u>	<u>91,650</u>	<u>1,501,650</u>
Total	<u>\$ 10,195,000</u>	<u>\$ 2,014,875</u>	<u>\$ 12,209,875</u>

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>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 86,524,457	\$ 4,556,450	\$ 81,968,007
Schools	173,048,913	5,638,550	167,410,363
Sewers	144,207,428		144,207,428
Urban renewal	124,979,771		124,979,771
Pension deficit	115,365,942		115,365,942

The definition of indebtedness includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. The Town has \$13,716,000 of general purpose, \$7,100,000 school bonds, and \$4,215,000 for solar paneling authorized and unissued bonds at June 30, 2020.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$269,187,198).

**TOWN OF GRANBY, CONNECTICUT
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8. LEASES

Capital Leases

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through December 1, 2024 and interest rates from 2.2% to 2.92%.

The Town has entered into capital lease agreements for the purchase of several vehicles and technology equipment.

	<u>Amount</u>
Assets:	
Vehicles and equipment	\$ 3,885,157
Less accumulated depreciation	<u>1,873,875</u>
Total	<u>\$ 2,011,282</u>

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2020 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 802,817
2022	626,979
2023	393,662
2024	208,300
2025	<u>63,809</u>
Total	2,095,567
Less amount representing interest	<u>98,307</u>
Total	<u>\$ 1,997,260</u>

**TOWN OF GRANBY, CONNECTICUT
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9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Small Cities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Trust purposes	\$	\$	\$	\$ 18,014	\$ 18,014
Restricted for:					
Debt service				150,595	150,595
Grants			113,362	983,882	1,097,244
Committed to:					
Revaluation	51,858				51,858
Capital projects		118,173			118,173
Capital equipment		156,871			156,871
Bridge program		35,935			35,935
Various capital improvements		240,904			240,904
Capital and nonrecurring expenditures		62,336			62,336
General government				277,437	277,437
Public safety				40,530	40,530
Public works				1,259,314	1,259,314
Culture and recreation				639,322	639,322
Education				193,776	193,776
Assigned to:					
Subsequent year's budget	444,000				444,000
General government - encumbrances	22,391				22,391
Public safety - encumbrances	1,600				1,600
Public works - encumbrances	59,677				59,677
Culture and recreation - encumbrances	6,475				6,475
Education - encumbrances	201,113				201,113
Unassigned	<u>8,927,497</u>			<u>(35,746)</u>	<u>8,891,751</u>
Total Fund Balances	<u>\$ 9,714,611</u>	<u>\$ 614,219</u>	<u>\$ 113,362</u>	<u>\$ 3,527,124</u>	<u>\$ 13,969,316</u>

Encumbrances of \$291,256 are included in the general fund assigned category. Encumbrances of \$268,439 are included in the committed fund balance category for the capital projects fund.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee insurance coverage. There has been no significant reduction in insurance coverage from the prior year for the categories risk insured commercially. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Town retains the risk associated with employee health insurance (medical claims plus prescription drugs) up to a maximum of \$150,000 per individual claim with an aggregate stop loss estimated at \$3,100,000. As of June 30, 2020, the Town has established a liability of \$445,000 to cover health insurance claims incurred but unreported. This claim liability is based on the requirements of GASB Statement No. 10, which requires that a liability claim be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**TOWN OF GRANBY, CONNECTICUT
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Changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2018-2019	\$ 450,000	\$ 5,545,966	\$ 5,610,966	\$ 385,000
2019-2020	385,000	5,842,223	5,782,223	445,000

11. CONTINGENT LIABILITIES

The Town is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the Town that would materially affect its financial position.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Fund

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

Management of the Plan rests with the Pension Committee, which consists of four members. The four members are the First Selectman, Board of Education Chairman, Town Manager and an individual appointed by the Board of Selectmen. The Pension Committee delegates the power to administer the Plan to the Town Manager.

Plan Description and Benefits Provided

The Town provides retirement benefits through a single-employer, contributory, defined benefit plan. All employees of the Town hired prior to age 25 may elect to participate on their date of hire. Bargaining unit employees hired on or after October 1, 2000 may elect to participate after one year of continuous service. Under the plan, for regular certified officers of the police department, the retirement benefit is calculated at 2.5% of the average of the annual salaries, including overtime of the 5 calendar years with the highest average multiplied by up to 20 years of service plus 1.5% of the average of the annual salaries, including overtime, of the 5 calendar years with the highest average multiplied by in excess of 20 years maximum 10 years of service. For nonunion members other than regular certified officers of the police department, the retirement benefit is calculated at 2% of the average of the annual salaries of the last five years immediately prior to retirement multiplied by years of service. Effective June 1, 2000, for bargaining unit members the retirement benefit is calculated at 2% of the average of

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the annual salaries of any five years period producing the highest average prior to retirement multiplied by years of service. Participants are 100% vested after five years of service. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by Town ordinance and may be amended. The major features of the plan are as follows:

Normal Retirement Age

Age 62 with 35 years of continuous service (effective July 1, 1994, age 62 and 25 years for a certified police officer), rule of 80 (age plus years of service) or age 65 regardless of service.

Credited Service

All service from date of participation in the plan until Normal Retirement Date, including all full months of Continuous Service.

Early Retirement

May be elected with the consent of the Board of Selectmen or Education upon completion of at least 15 years of Continuous Service and age 55.

Late Retirement

With consent of Boards of Selectmen/Education. Benefit accrues until actual Retirement Date.

Disability Retirement

Available on total and permanent disability after 15 years of continuous service and age 50. Benefit is the same as for early retirement.

Death

Before retirement, refund of participant's contributions plus interest. After retirement, refund of excess, if any, of participant's accumulated contributions as of his or her retirement date over total of benefits paid.

At July 1, 2019, PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	54
Terminated employees entitled to benefits but not yet receiving them	15
Active employees	<u>51</u>
Total	<u><u>120</u></u>

At July 1, 2019, there was 13 years remaining in the amortization period.

Summary of Significant Accounting Policies

Basis of Accounting

The PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS.

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Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. There are no investments in any organization, other than U.S. Government notes and bonds that represent 5% or more of net position available for benefits.

Funding Status and Progress

Certified police officers are required to contribute 6.0% of their salary, including overtime, educational incentive pay and longevity pay to the PERS. All other members contribute 5.0% of their gross salary, including overtime and any other form of additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance. Administrative costs are financed by the plan.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is carried out by the Plan Administrator through advice from an investment advisor. The Plan Administrator meets with the investment advisor on a regular basis in order to review an investment strategy to reduce risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	20 %
U.S. Inflation-Indexed Bonds	15
U.S. Equities	40
Developed Foreign Equities	<u>25</u>
Total	<u><u>100 %</u></u>

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF GRANBY, CONNECTICUT
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Net Pension Liability

The components of the net pension liability of the Town at June 30, 2020 were as follows:

Total pension liability	\$	22,542,289
Plan fiduciary net position		<u>18,752,909</u>
Net Pension Liability	\$	<u><u>3,789,380</u></u>
Plan fiduciary net position as a percentage of the total pension liability		83.19%

Actuarial Assumptions

The total pension liability, measured at June 30, 2020, was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5%
Investment rate of return	6.75%
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection for non-disabled per Scale AA.

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

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, 2020 (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>	
Core Fixed Income	2.28	%
U.S. Inflation-Indexed Bonds	1.27	
U.S. Equities	4.73	
Developed Foreign Equities	6.09	

**TOWN OF GRANBY, CONNECTICUT
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Discount Rate

The discount rate used to measure the total pension liability was 6.75% a decrease from 7.00% for the year ended June 30, 2019. 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.

Changes in Net Pension Liability

	Employees' Pension Plan		
	Total Pension Liability	Increase (Decrease)	
		Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$ 21,134,024	\$ 18,302,187	\$ 2,831,837
Changes for the year:			
Service cost	471,336		471,336
Interest on total pension liability	1,467,469		1,467,469
Effect of economic/demographic gains or losses	250,254		250,254
Effect of assumptions changes or inputs	524,335		524,335
Benefit payments	(1,305,129)	(1,305,129)	-
Employer contributions		577,577	(577,577)
Member contributions		161,887	(161,887)
Net investment income		1,028,901	(1,028,901)
Administrative expenses		(12,514)	12,514
Net changes	<u>1,408,265</u>	<u>450,722</u>	<u>957,543</u>
Balances as of June 30, 2020	<u>\$ 22,542,289</u>	<u>\$ 18,752,909</u>	<u>\$ 3,789,380</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 current discount rate, 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 or 1 percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total Net Pension Liability	\$ 6,101,408	\$ 3,789,380	\$ 1,805,438

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Town recognized pension expense of \$847,781. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 192,257	\$ 233,670
Assumption changes or inputs	584,696	
Net difference between projected and actual earning on pension plan investments	<u> </u>	<u>34,804</u>
Total	<u>\$ 776,953</u>	<u>\$ 268,474</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,

2021	\$ (444)
2022	157,324
2023	305,129
2024	<u>46,470</u>
	<u>\$ 508,479</u>

B. Connecticut Teachers Retirement System - Pension

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.

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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.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$4,422,470 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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.

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, 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>58,425,114</u>
Total	<u>\$ 58,425,114</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$7,175,600 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, 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.

The actuarial assumptions used in the June 30, 2018 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%.

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For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>		<u>Standard Deviation</u>	
Public Equity - US Equity	8.10	%	20.00	%	17.00	%
Public Equity - International Developed Equity	8.50		11.00		19.00	
Public Equity - Emerging Markets Equity	10.40		9.00		24.00	
Fixed Income - Core Fixed Income	4.60		16.00		7.00	
Fixed Income - Inflation Linked Bonds	3.60		5.00		7.00	
Fixed Income - High Yield	6.50		6.00		11.00	
Fixed Income - Emerging Market Debt	5.20		5.00		11.00	
Private Equity	9.80		10.00		23.00	
Real Estate	7.00		10.00		15.00	
Alternative Investments - Real Assets	8.20		4.00		17.00	
Alternative Investments - Hedge Funds	5.40		3.00		7.00	
Liquidity Fund	2.90		1.00		1.00	
Total			<u>100.00</u>	%		

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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.

13. OTHER POST EMPLOYMENT BENEFITS - RETIREE HEALTH CARE PLAN

A. Town Postretirement Health Care Plan

Plan Description

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial report as the Other Post Employment Benefits Trust Fund. The postretirement health care plan is a single-employer defined benefit plan administered by the Town. The Town does not issue stand-alone financial statements for this program.

Management of the program for Other Post Employment Benefits rests with the Employee Health Benefits Fund Advisory Committee, which consists of five members. The five members are the First Selectman, Board of Education Chairman, Town Manager, Supt. of Schools, and a town resident appointed by the Board of Selectmen. The Employee Health Benefits Fund Advisory Committee delegates the power to administer the program to the Town Manager.

At July 1, 2019, plan membership consisted of the following:

Active plan members	278
Retired members	64
	<hr/>
Total Participants	342
	<hr/> <hr/>

Funding Policy

The Town’s funding and payment of post-employment benefits for the year ended June 30, 2020 are accounted for in the Other Post Employment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

**TOWN OF GRANBY, CONNECTICUT
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Investments

Investment Policy

The Other Post Employment Benefits program policy in regard to the allocation of invested assets is carried out by the Town Manager through advice from an investment advisor. The Town Manager meets with the investment advisor in order to review an investment strategy to reduce risk through the prudent diversification of the portfolio across a selection of distinct asset classes. The program refrains from dramatically shifting asset class allocations over short time spans. The following was the administrator’s asset allocation as of June 30, 2020.

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Core Fixed Income	50%
U.S. Large Caps	50%

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.12%. 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, 2020. The components of the net OPEB liability of the Town at June 30, 2020, were as follows:

Total OPEB liability	\$ 11,269,217
Plan fiduciary net position	<u>2,310,004</u>
Net OPEB Liability	<u>\$ 8,959,213</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.50%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Graded salary scale for BOE; 3.5% for others
Investment rate of return	6.00%, net of pension plan investment expense, including inflation
Healthcare cost trend rates	5.15% - 4.50% over 58 years

Mortality rates for Teachers and Administrators were based on 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) to rates over age 80.

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Mortality rates for Police and Union were based on PubS-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

Mortality rates for all others were based on PubG-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

The actuarial assumptions used in the July 1, 2019 valuation were based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and the actuary’s professional judgment regarding future plan experience. A full actuarial experience study has not been completed.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	50 %	2.28 %
U.S. Large Caps	50	4.46
Total	<u>100 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0%. 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.

**TOWN OF GRANBY, CONNECTICUT
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Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2019	\$ 8,717,768	\$ 1,933,142	\$ 6,784,626
Changes for the year:			
Service cost	367,351		367,351
Interest on total OPEB liability	527,206		527,206
Effect of change in benefit terms	(13,411)		(13,411)
Effect of economic/demographic gains or loss	1,985,479		1,985,479
Effect of assumptions changes or inputs	290,329		290,329
Benefit payments	(605,505)	(605,505)	-
Employer contributions		901,761	(901,761)
Member contributions			-
Net investment income		80,606	(80,606)
Net changes	<u>2,551,449</u>	<u>376,862</u>	<u>2,174,587</u>
Balances as of June 30, 2020	<u>\$ 11,269,217</u>	<u>\$ 2,310,004</u>	<u>\$ 8,959,213</u>

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 or 1 percentage point higher than the current discount rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 10,145,391	\$ 8,959,213	\$ 7,939,215

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

The following presents the net OPEB liability of the Town using current healthcare cost trend rates, 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 or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (4.15% Decreasing to 3.50%)	Healthcare Cost Trend Rates (5.15% Decreasing to 4.50%)	1% Increase (6.15% Decreasing to 5.50%)
Net OPEB Liability	\$ 7,697,279	\$ 8,959,213	\$ 10,457,449

**TOWN OF GRANBY, CONNECTICUT
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,122,168. At June 30, 2020, 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	\$ 2,277,451	\$
Assumption changes or inputs	522,133	
Net difference between projected and actual earning on pension plan investments	<u>52,160</u>	
Total	<u>\$ 2,851,744</u>	<u>\$ -</u>

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,

2021	\$ 365,993
2022	365,995
2023	362,352
2024	359,224
2025	350,351
Thereafter	<u>1,047,829</u>
	<u>\$ 2,851,744</u>

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

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.

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 Supplement 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 Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

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 Supplement Plans, as long as they do not remarry.

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.

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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.

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.

Employer (School Districts)

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$120,870 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

At June 30, 2020, 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>9,111,727</u>
Total	<u>\$ 9,111,727</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of (\$666,765) in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB 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.

The actuarial assumptions used in the June 30, 2018 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 75 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 (0.41%).

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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.

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. COMBINING TRUST FUNDS

A. Combining Balance Sheet

	Pension Trust Fund	OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 223,004	\$	\$ 223,004
Investments - mutual funds	18,524,307	2,310,004	20,834,311
Accounts receivable	5,598		5,598
	<u>18,752,909</u>	<u>2,310,004</u>	<u>21,062,913</u>
 Total assets			
	<u>18,752,909</u>	<u>2,310,004</u>	<u>21,062,913</u>
 Net Position:			
Restricted for Pension Benefits and Other Post Employment Benefits	<u>\$ 18,752,909</u>	<u>\$ 2,310,004</u>	<u>\$ 21,062,913</u>

**TOWN OF GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

B. Combining Statement of Revenues, Expenditures and Changes in Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions			
Employer	\$ 577,577	\$ 901,761	\$ 1,479,338
Employee	161,887		161,887
Total	<u>739,464</u>	<u>901,761</u>	<u>1,641,225</u>
Investment income:			
Net appreciation			
in fair value of investments	644,655	80,606	725,261
Interest and dividends	420,658		420,658
Total investment gain	<u>1,065,313</u>	<u>80,606</u>	<u>1,145,919</u>
Less investment expenses:			
Investment management fees	36,412		36,412
Net investment income	<u>1,028,901</u>	<u>80,606</u>	<u>1,109,507</u>
Total additions	<u>1,768,365</u>	<u>982,367</u>	<u>2,750,732</u>
Deductions:			
Benefits	1,305,129	605,505	1,910,634
Administrative expenses	12,514		12,514
Total deductions	<u>1,317,643</u>	<u>605,505</u>	<u>1,923,148</u>
Net Change	450,722	376,862	827,584
Net Position at Beginning of Year	<u>18,302,187</u>	<u>1,933,142</u>	<u>20,235,329</u>
Net Position at End of Year	<u>\$ 18,752,909</u>	<u>\$ 2,310,004</u>	<u>\$ 21,062,913</u>

15. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.

**TOWN OF GRANBY, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Current year taxes	\$ 38,311,557	\$ 38,311,557	\$ 39,146,582	\$ 835,025
Prior year's taxes	230,000	230,000	199,557	(30,443)
Supplemental motor vehicle	300,000	300,000	454,037	154,037
Total	<u>38,841,557</u>	<u>38,841,557</u>	<u>39,800,176</u>	<u>958,619</u>
Interest and lien fees	<u>130,000</u>	<u>130,000</u>	<u>135,062</u>	<u>5,062</u>
Total property taxes	<u>38,971,557</u>	<u>38,971,557</u>	<u>39,935,238</u>	<u>963,681</u>
Intergovernmental revenues:				
Reimbursement of local tax disability exemption	1,000	1,000	1,327	327
Education Equalization Grant	5,137,260	5,137,260	5,311,554	174,294
Excess Grant - Special Education	487,666	487,666	411,142	(76,524)
State owned property	1,061	1,061	1,061	-
Veterans Exempt Grant	3,000	3,000	2,884	(116)
Telephone Grant	14,000	14,000	15,251	1,251
E911 PSAP Grant	45,000	45,000	45,416	416
Tuition other towns	884,284	884,284	939,476	55,192
Other	40,000	40,000	46,375	6,375
Total intergovernmental revenues	<u>6,613,271</u>	<u>6,613,271</u>	<u>6,774,486</u>	<u>161,215</u>
Investment income	<u>40,000</u>	<u>40,000</u>	<u>288,356</u>	<u>248,356</u>
Local revenues:				
Town Clerk fees	200,000	200,000	381,657	181,657
Planning and Zoning	5,000	5,000	13,730	8,730
Zoning Board of Appeals	1,000	1,000	970	(30)
Building permits and licenses	120,000	120,000	316,958	196,958
Inland wetlands	2,000	2,000	5,103	3,103
Sale of maps and ordinances	100	100	242	142
Driveway permits	300	300	270	(30)
Total local revenues	<u>328,400</u>	<u>328,400</u>	<u>718,930</u>	<u>390,530</u>

(Continued on next page)

**TOWN OF GRANBY, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other revenues:				
Snow plowing and grading	\$ 5,000	\$ 5,000	\$ 7,464	\$ 2,464
Photocopying	1,500	1,500	426	(1,074)
Rents	28,000	28,000	30,895	2,895
Contracted building inspection	10,100	10,100	10,100	-
Police dispatch services	30,050	30,050	30,500	450
Police photos and records	8,000	8,000	7,733	(267)
Library operations	14,000	14,000	7,073	(6,927)
Miscellaneous	30,000	30,000	122,852	92,852
Returned checks fee	250	250	120	(130)
Pay for participation	54,615	54,615	27,925	(26,690)
Open farm day	3,000	3,000	100	(2,900)
Holcomb Farm & haying	10,000	10,000	21,130	11,130
Prior year unliquidated encumbrances			84,196	84,196
Total other revenues	<u>194,515</u>	<u>194,515</u>	<u>350,514</u>	<u>155,999</u>
Other financing sources:				
Transfers from other funds:				
Police	18,500	18,500	18,500	-
Cossitt Library	30	30	67	37
Total other financing sources	<u>18,530</u>	<u>18,530</u>	<u>18,567</u>	<u>37</u>
Total	<u>\$ 46,166,273</u>	<u>\$ 46,166,273</u>	48,086,091	<u>\$ 1,919,818</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement Pension System for Town teachers are not budgeted	4,422,470
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement OPEB System for Town teachers are not budgeted	120,870
Cancellation of prior year encumbrances is recognized as budgetary revenue	(84,196)
Revaluation Fund Revenues not budgeted	808
Issuance of capital leases	16,000
Other adjustments	<u>176,303</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 52,738,346

**TOWN OF GRANBY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
General administration	\$ 397,697	\$ 414,016	\$ 408,518	\$ 5,498
Legal fees	19,000	19,000	9,052	9,948
Fringe benefits	2,507,216	2,507,216	2,472,880	34,336
Town Clerk operations	158,263	160,126	150,377	9,749
Probate	4,400	4,400	4,325	75
Contingency	183,525	212,197	196,593	15,604
Election services	43,880	43,880	29,294	14,586
Boards and commissions	64,903	64,903	57,499	7,404
Revenue collections	128,113	129,976	125,729	4,247
Property assessments	187,358	190,718	185,695	5,023
Fiscal management	340,809	340,809	297,475	43,334
Insurance	347,390	347,390	306,584	40,806
Total general government	<u>4,382,554</u>	<u>4,434,631</u>	<u>4,244,021</u>	<u>190,610</u>
Public safety:				
Building inspection	157,104	160,398	157,964	2,434
Fire prevention	350,534	353,433	339,169	14,264
Emergency management	800	800	-	800
Health services	153,760	153,760	153,758	2
Police department administration	346,412	346,412	339,267	7,145
Police operations and services	1,812,539	1,846,108	1,785,068	61,040
Total public safety	<u>2,821,149</u>	<u>2,860,911</u>	<u>2,775,226</u>	<u>85,685</u>
Public works and environment:				
Public Works administration	194,384	198,366	196,668	1,698
General maintenance	1,371,401	1,390,324	1,331,742	58,582
Solid waste and recycling	848,174	849,100	821,385	27,715
Planning and engineering services	31,400	31,400	26,620	4,780
Building maintenance and Town grounds	680,647	685,244	628,190	57,054
Total public works and environment	<u>3,126,006</u>	<u>3,154,434</u>	<u>3,004,605</u>	<u>149,829</u>
Recreation and social services:				
Library	550,023	557,327	516,750	40,577
Social services	212,952	216,118	205,330	10,788
Recreation administration	94,018	96,111	95,111	1,000
Community support	3,000	3,000	1,200	1,800
Total recreation and social services	<u>859,993</u>	<u>872,556</u>	<u>818,391</u>	<u>54,165</u>
Debt service	<u>2,777,355</u>	<u>2,777,355</u>	<u>2,767,355</u>	<u>10,000</u>
Education	<u>31,134,619</u>	<u>31,134,619</u>	<u>30,232,557</u>	<u>902,062</u>
Total budgeted expenditures	<u>45,101,676</u>	<u>45,234,506</u>	<u>43,842,155</u>	<u>1,392,351</u>

(Continued on next page)

**TOWN OF GRANBY, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfers out:				
Capital equipment	\$ 1,535,867	\$ 1,535,867	\$ 1,450,000	\$ 85,867
Senior activity	39,230	39,230	39,230	-
Emergency management	6,000	6,000	6,000	-
Dog fund	7,500	7,500	7,500	-
Youth service fund	76,000	76,000	76,000	-
Total other financing uses	<u>1,664,597</u>	<u>1,664,597</u>	<u>1,578,730</u>	<u>85,867</u>
Total Budgeted Operations	<u>\$ 46,766,273</u>	<u>\$ 46,899,103</u>	45,420,885	<u>\$ 1,478,218</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement Pension System for Town teachers are not budgeted 4,422,470

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement OPEB System for Town teachers are not budgeted 120,870

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes (291,256)

Net lease proceeds 16,000

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 49,688,969

**TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION TRUST FUND
LAST SEVEN FISCAL YEARS ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 471,336	\$ 439,590	\$ 422,365	\$ 405,744	\$ 434,343	\$ 404,587	\$ 330,806
Interest	1,467,469	1,463,841	1,430,800	1,383,802	1,331,406	1,278,028	1,213,513
Differences between expected and actual experience	250,254	(371,752)	(112,857)	27,407	(76,130)	124,206	128,096
Changes of assumptions	524,335	118,519	241,263	236,519	147,140		
Benefit payments, including refunds of member contributions	<u>(1,305,129)</u>	<u>(1,222,399)</u>	<u>(1,156,074)</u>	<u>(1,042,283)</u>	<u>(1,011,654)</u>	<u>(862,760)</u>	<u>(827,874)</u>
Net change in total pension liability	1,408,265	427,799	825,497	1,011,189	825,105	944,061	844,541
Total pension liability - beginning	<u>21,134,024</u>	<u>20,706,225</u>	<u>19,880,728</u>	<u>18,869,539</u>	<u>18,044,434</u>	<u>17,100,373</u>	<u>16,255,832</u>
Total pension liability - ending	<u>22,542,289</u>	<u>21,134,024</u>	<u>20,706,225</u>	<u>19,880,728</u>	<u>18,869,539</u>	<u>18,044,434</u>	<u>17,100,373</u>
Plan fiduciary net position:							
Contributions - employer	577,577	557,206	517,850	487,591	470,130	456,702	448,025
Contributions - member	161,887	159,272	158,979	161,662	173,639	167,897	156,889
Net investment income (loss)	1,028,901	902,546	1,723,847	2,189,923	(296,148)	246,040	2,506,894
Benefit payments, including refunds of member contributions	<u>(1,305,129)</u>	<u>(1,222,399)</u>	<u>(1,156,074)</u>	<u>(1,042,283)</u>	<u>(1,011,654)</u>	<u>(862,760)</u>	<u>(827,874)</u>
Administrative expense	<u>(12,514)</u>	<u>(12,180)</u>	<u>(12,122)</u>				<u>(1,966)</u>
Net change in plan fiduciary net position	450,722	384,445	1,232,480	1,796,893	(664,033)	7,879	2,281,968
Plan fiduciary net position - beginning	<u>18,302,187</u>	<u>17,917,742</u>	<u>16,685,262</u>	<u>14,888,369</u>	<u>15,552,402</u>	<u>15,544,523</u>	<u>13,262,555</u>
Plan fiduciary net position - ending	<u>18,752,909</u>	<u>18,302,187</u>	<u>17,917,742</u>	<u>16,685,262</u>	<u>14,888,369</u>	<u>15,552,402</u>	<u>15,544,523</u>
Net Pension Liability - Ending	<u>\$ 3,789,380</u>	<u>\$ 2,831,837</u>	<u>\$ 2,788,483</u>	<u>\$ 3,195,466</u>	<u>\$ 3,981,170</u>	<u>\$ 2,492,032</u>	<u>\$ 1,555,850</u>
Plan fiduciary net position as a percentage of the total pension liability	83.19%	86.60%	86.53%	83.93%	78.90%	86.19%	90.90%
Covered payroll	\$ 3,878,163	\$ 3,687,470	\$ 3,687,470	\$ 3,778,774	\$ 4,086,754	\$ 3,913,965	\$ 3,311,245
Net pension liability as a percentage of covered payroll	97.71%	76.80%	75.62%	84.56%	97.42%	63.67%	46.99%

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

**TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION TRUST FUND
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 577,577	\$ 557,206	\$ 517,850	\$ 487,591	\$ 470,130	\$ 456,702	\$ 448,025	\$ 361,909	\$ 359,226	\$ 286,664
Contributions in relation to the actuarial determined contribution	577,577	557,206	517,850	487,591	470,130	456,702	448,025	361,909	359,226	286,664
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,878,163	\$ 3,687,470	\$ 3,778,774	\$ 4,086,754	\$ 3,913,965	\$ 3,311,245	\$ 3,409,422	\$ 3,637,892	\$ 3,402,929	\$ 3,735,252
Contributions as a percentage of covered payroll	14.89%	15.11%	13.70%	11.93%	12.01%	13.79%	13.14%	9.95%	10.56%	7.67%

Notes to Schedule

Valuation Date: July 1, 2019
Measurement Date: June 30, 2020
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 salary - closed
Remaining amortization period	13 years
Asset valuation method	5 years, non-asymptotic
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.750%
Retirement age	Age related rates
Mortality	RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection for non-disabled per Scale AA.

**TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION TRUST FUND
LAST SEVEN FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.64%	5.05%	10.35%	14.69%	(1.9%)	1.57%	18.78%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	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>58,425,114</u>	<u>45,049,157</u>	<u>47,535,197</u>	<u>50,149,997</u>	<u>38,644,363</u>	<u>35,718,969</u>
Total	<u>\$ 58,425,114</u>	<u>\$ 45,049,157</u>	<u>\$ 47,535,197</u>	<u>\$ 50,149,997</u>	<u>\$ 38,644,363</u>	<u>\$ 35,718,969</u>
Town's covered payroll	\$ 1,192,384	\$ 1,174,013	\$ 1,099,545	\$ 996,600	\$ 1,000,967	\$ 983,322
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	<p>HB 7424 made the following provision changes:</p> <ul style="list-style-type: none"> - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.
Changes of assumptions	<p>HB 7424 made the following assumption changes:</p> <ul style="list-style-type: none"> - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

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

TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
LAST FOUR FISCAL YEARS*
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 367,351	\$ 286,688	\$ 260,128	\$ 236,276
Interest	527,206	509,886	500,235	482,944
Changes of benefit terms	(13,411)			
Differences between expected and actual experience	1,985,479		726,403	
Changes of assumptions	290,329		383,976	
Benefit payments	<u>(605,505)</u>	<u>(572,118)</u>	<u>(518,279)</u>	<u>(474,546)</u>
Net change in total OPEB liability	2,551,449	224,456	1,352,463	244,674
Total OPEB liability - beginning	<u>8,717,768</u>	<u>8,493,312</u>	<u>7,140,849</u>	<u>6,896,175</u>
Total OPEB liability - ending	<u>11,269,217</u>	<u>8,717,768</u>	<u>8,493,312</u>	<u>7,140,849</u>
Plan fiduciary net position:				
Contributions - employer	901,761	572,118	518,279	707,589
Net investment income	80,606	94,763	103,175	136,681
Benefit payments	<u>(605,505)</u>	<u>(572,118)</u>	<u>(518,279)</u>	<u>(474,546)</u>
Net change in plan fiduciary net position	376,862	94,763	103,175	369,724
Plan fiduciary net position - beginning	<u>1,933,142</u>	<u>1,838,379</u>	<u>1,735,204</u>	<u>1,365,480</u>
Plan fiduciary net position - ending	<u>2,310,004</u>	<u>1,933,142</u>	<u>1,838,379</u>	<u>1,735,204</u>
Net OPEB Liability - Ending	<u>\$ 8,959,213</u>	<u>\$ 6,784,626</u>	<u>\$ 6,654,933</u>	<u>\$ 5,405,645</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.50%	22.17%	21.65%	24.30%
Covered payroll	\$ 21,208,110	\$ 20,207,961	\$ 20,207,961	\$ 20,391,068
Net OPEB liability as a percentage of covered payroll	42.24%	33.57%	32.93%	26.51%

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

**TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB PLAN
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution (1)	\$ 727,143	\$ 693,256	\$ 610,945	\$ 568,962	\$ 551,457	\$ 526,242	\$ 524,000	\$ 500,000	\$ 686,000	\$ 651,000
Contributions in relation to the actuarially determined contribution	901,761	572,118	518,279	707,589	412,830	661,242	389,000	780,000	406,000	893,000
Contribution Deficiency (Excess)	\$ <u>(174,618)</u>	\$ <u>121,138</u>	\$ <u>92,666</u>	\$ <u>(138,627)</u>	\$ <u>138,627</u>	\$ <u>(135,000)</u>	\$ <u>135,000</u>	\$ <u>(280,000)</u>	\$ <u>280,000</u>	\$ <u>(242,000)</u>
Covered payroll	\$ 21,208,110	\$ 20,207,961	\$ 20,207,961	\$ 20,391,068	\$ 19,763,521	\$ 19,763,521	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	4.25%	2.83%	2.56%	3.47%	2.09%	3.35%	N/A	N/A	N/A	N/A

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

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 years, non-asymptotic
Inflation	2.75%
Healthcare cost trend rates	5.15% - 4.50% over 58 years
Salary increases	Graded salary scale for BOE; 3.5% for others
Discount rate	6.00%
Retirement age	Varies based on age, eligibility for pension benefits, and gender
Healthy Mortality	Teachers and Administrators: 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) to rates over age 80. Police and Town Union: PubS-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement. All Others: PubG-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.
Disabled Mortality	Teachers and Administrators: RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

**TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB PLAN
LAST FOUR FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	4.12%	5.09%	5.95%	10.01%

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

**TOWN OF GRANBY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	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>9,111,727</u>	<u>9,005,624</u>	<u>12,235,018</u>
Total	<u>\$ 9,111,727</u>	<u>\$ 9,005,624</u>	<u>\$ 12,235,018</u>
Town's covered payroll	\$ 1,192,384	\$ 1,174,013	\$ 1,099,545
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

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

APPENDIX B

FORM OF APPROVING OPINION

July 14, 2021

Town of Granby
15 North Granby Road
Granby, CT 06035

Re: Town of Granby, Connecticut
\$5,000,000 General Obligation Bonds, Issue of 2021, Series C
Dated: July 28, 2021

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Granby, Connecticut (the "Town") in connection with the issuance by the Town of its \$5,000,000 General Obligation Bonds, Issue of 2021, Series C dated July 28, 2021 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated July 28, 2021 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall be excluded from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences

caused by ownership or disposition of, or receipt of interest on the Bonds.

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

The Bonds have been designated to be and are qualified tax-exempt obligations of the Town under Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated July 14, 2021 and other offering material relating to the Bonds.

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

In Connection With The Issuance and Sale of \$5,000,000 General Obligation Bonds, Issue of 2021, Series C

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of July 14, 2021, by the Town of Granby, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$5,000,000 General Obligation Bonds, Issue of 2021, Series C dated July 28, 2021 (the “Bonds”).

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

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

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

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

“Final Official Statement” means the official statement of the Issuer dated July __, 2021, prepared in connection with the issuance of the Bonds.

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

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

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

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

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

Section 2. Annual Reports.

- (a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2021):
- (i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.
 - (ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
 - (B) the percentage and amount of the annual property tax levy collected and uncollected;
 - (C) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
 - (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
 - (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
 - (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
 - (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
 - (H) a statement of statutory debt limitations and debt margins; and
 - (I) the funding status of the Issuer's pension benefit obligations.
- (b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.
- (c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

- (a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:
- (i) principal and interest payment delinquencies;
 - (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (iv) substitution of credit or liquidity providers, or their failure to perform;

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

(vi) tender offers;

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

(viii) Bond defeasances; and

(ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation* of the Town, any of which reflect financial difficulties.

*Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean 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” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) bond calls

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

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

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

(vii) incurrence of a Financial Obligation* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation* of the Town, any of which affect bondholders.

*Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean 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” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

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

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Granby, 15 North Granby Road, Granby, CT 06035, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 11. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 12. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

TOWN OF GRANBY, CONNECTICUT

By: _____
William F. Smith, Jr.
Town Manager

APPENDIX D

NOTICE OF SALE

TOWN OF GRANBY, CONNECTICUT
\$5,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2021, SERIES C
(BANK QUALIFIED)
(the “Bonds”)

ELECTRONIC BIDS via *PARITY*[®] will be received by the **TOWN OF GRANBY, CONNECTICUT** (the “Town”) at the Office of the Town Manager, Town Hall located at 15 North Granby Road, Granby, Connecticut 06035 until **11:30 A.M. (Eastern Time), WEDNESDAY**

JULY 14, 2021

(the “Bid Date”) for the purchase of all (but not less than all) of \$5,000,000* General Obligation Bonds, Issue of 2021, Series C of the Town (the “Bonds”), when issued, at not less than par, which mature on July 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$250,000	2032	\$250,000
2023	\$250,000	2033	\$250,000
2024	\$250,000	2034	\$250,000
2025	\$250,000	2035	\$250,000
2026	\$250,000	2036	\$250,000
2027	\$250,000	2037	\$250,000
2028	\$250,000	2038	\$250,000
2029	\$250,000	2039	\$250,000
2030	\$250,000	2040	\$250,000
2031	\$250,000	2041	\$250,000

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on January 15, 2022 and semiannually thereafter on each July 15 and January 15 each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated July 1, 2021.

Optional Redemption

The Bonds maturing on July 15, 2032 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after July 15, 2031, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
July 15, 2031 and thereafter	100%

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

Ratings

The Town has received an S&P Global Ratings of AA+ on the Bonds. The assigned ratings may be obtained from the respective rating agency or will be posted through the facilities of *PARITY*[®] prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Bonds which is dated July 1, 2021, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will provide the winning bidder, at its request, hard copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at delivery of the Bonds or by the 7th business day after the day bids on the Bonds are received. If the Town's municipal advisor is provided with the necessary information from the winning bidder by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the winning bidder and the name of the insurer, if any, and any corrections. Additional copies of the Official Statement may be obtained by the winning bidder at its own expense by arrangement with the printer.

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

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via *PARITY*[®], in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Wednesday, July 14, 2021, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in *PARITY*[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*[®], including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of *PARITY*[®] is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via *PARITY*[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of *PARITY*[®], or the inaccuracies of any information, including bid information or worksheets supplied by *PARITY*[®], the use of *PARITY*[®] facilities**

being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under “Award, Delivery and Payment” below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder’s failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town’s agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Bid Requirements

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than par will be considered.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) The Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) All bidders shall have an equal opportunity to bid;
- (3) The Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

- (4) The Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder in writing on the sale date. The Town may treat the first price at which 10% of a maturity of the bonds (the "Actual Sale Rule") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The successful bidder shall advise the Town if any maturity of the Bonds satisfies the Actual Sale Rule as of the date and time of the award of the Bonds.

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 Actual Sale Rule has been satisfied as to each maturity of the bonds, the successful bidder agrees to promptly report to the Town the prices at which the unsold Bonds of each maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the Actual Sale Rule has been satisfied for each maturity or until all Bonds of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public)

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of Town Officials relating to the accuracy and completeness of the Official Statement.

The Bonds **SHALL BE** designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

The Town will have no responsibility to pay for any expenses of the winning bidder except to the extent specifically stated in this Notice of Sale. The winning bidder will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The winning bidder will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about July 28, 2021 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

Adjustment of Maturity Schedule

The Town reserves the right to change the maturity schedule after the determination of the winning bidder. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by a net amount of such change or changes in principal amount of one or more maturities. The Town anticipates that the final maturity schedule will be communicated to the successful bidder within four (4) hours of the Town's receipt of the reoffering prices and yields for the Bonds from the successful bidder. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid prices will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Town as stated herein. **The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices provided as a result of any changes made to the principal amounts within these limits.**

Right to Reject Bids; Waiver

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Postponement; Change of Terms

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or 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 winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last day of December and June in each year, or the preceding business day if such last day is not a business day.)

Additional Information

For more information regarding the Bonds and the Town, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Dennis Dix, Jr., Principal, DIXWORKS, LLC, Tel. (860) 559-5112.

WILLIAM F. SMITH, JR.
Town Manager

JOHN E. ADAMS
Treasurer

July 1, 2021