

# FINAL OFFICIAL STATEMENT DATED APRIL 7, 2015

**NEW MONEY ISSUE: Book-Entry-Only**

**RATING: Moody's Investors Service: "Aaa"**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Opinion of Bond Counsel and Tax Exemption" herein.)



## Town of Farmington, Connecticut \$4,075,000 General Obligation Bonds, Issue of 2015

**Dated: Date of Delivery**

**Due: April 15, 2016 - 2030,  
As shown below:**

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

Interest on the Bonds will be payable on October 15, 2015 and semiannually thereafter on April 15 and October 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

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

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

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2016	\$ 275,000	4.000%	0.220%	311153UA6	2024	\$ 270,000	2.000%	2.000%	311153UJ7
2017	275,000	4.000%	0.520%	311153UB4	2025	270,000	2.000%	2.150%	311153UK4
2018	275,000	4.000%	0.820%	311153UC2	2026	270,000	2.250%	2.300%	311153UL2
2019	275,000	4.000%	1.070%	311153UD0	2027	270,000	2.375%	2.450%	311153UM0
2020	275,000	4.000%	1.250%	311153UE8	2028*	270,000	3.000%	2.600%	311153UN8
2021	270,000	4.000%	1.420%	311153UF5	2029*	270,000	3.000%	2.700%	311153UP3
2022	270,000	4.000%	1.620%	311153UG3	2030*	270,000	3.000%	2.800%	311153UQ1
2023*	270,000	2.000%	1.800%	311153UH1					

\* Priced assuming redemption on April 15, 2022; however, any such redemption is at the option of the Town.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about April 21, 2015.

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

**RAYMOND JAMES**

No dealer, broker, salesman or other person has been authorized by the Town of Farmington, Connecticut (the “Town”) to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 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.

Set forth in Appendix A – “2014 Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein), and makes no representation that it has independently verified the same.

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## **Bond Issue Summary**

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

- Date of Sale:** Tuesday, April 7 at 11:30 A.M. (Eastern Time).
- Location of Sale:** Council Chambers, Town Hall, 1 Monteith Drive, Farmington, Connecticut 06032.
- Issuer:** Town of Farmington, Connecticut (the "Town").
- Issue:** \$4,075,000 General Obligation Bonds, Issue of 2015 (the "Bonds").
- Dated Date:** Date of Delivery
- Principal and Interest Due:** Principal due serially April 15, 2016 through 2030. Interest due April 15 and October 15 in each year until maturity, commencing October 15, 2015.
- Purpose:** The Bond proceeds will be used to provide funds for various General Purpose and School Projects.
- Redemption:** The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
- Security:** The Bonds will be general obligations of the Town of Farmington, Connecticut, 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:** Moody's Investors Service assigned a rating of "Aaa" on the Bonds and affirmed the "Aaa" rating on the Town's outstanding bonds
- Bond Insurance:** The Town does not expect to purchase a credit enhancement facility.
- Basis of Award:** Lowest True Interest Cost (TIC), as of the dated date.
- Tax Exemption:** See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
- Bank Qualification:** The Bonds shall not be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent, and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
- Legal Opinion:** Day Pitney LLP, of Hartford, Connecticut.
- Separate CUSIPS:** Separate CUSIP numbers for the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
- 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 April 21, 2015. Delivery of the Bonds will be made against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to Joseph Swetcky, Jr., Director of Finance, Town of Farmington, 1 Monteith Drive, Farmington, CT 06032. Telephone (860) 675-2338.

## ***I. Bond Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Farmington, Connecticut (the "Town"), in connection with the issuance and sale of \$4,075,000 General Obligation Bonds, Issue of 2015 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated March 24, 2015 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D for the terms and conditions of the bidding.

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

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

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

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

### ***Financial Advisor***

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

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. An agreement between the Town and Phoenix Advisors, LC has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23.

### ***Description of the Bonds***

The Bonds will mature on April 15 in each of the years as set forth on the cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the cover page, payable semiannually on April 15 and October 15 in each year until maturity, commencing October 15, 2015. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of March and September, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

**Redemption Provisions**

The Bonds maturing on or before April 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on April 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after April 15, 2022 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
April 15, 2022 and thereafter.....	100%

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

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

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

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds. The legal opinion for the Bonds will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B “Opinion of Bond Counsel and Tax Exemption”.

**Authorization and Purpose**

Authorization: The Bonds are issued pursuant to Titles 7 and 10, as applicable, of the General Statutes of the State of Connecticut, as amended, the Charter of the Town of Farmington, and bond resolutions presented at Annual Town Meetings and approved at referenda, more particularly described below:

<i>Project</i>	<i>Amount Authorized</i>	<i>Previously Bonded</i>	<i>New Money/ (Paydowns)</i>	<i>This Issue Bonds:</i>
Roads (2013) .....	\$ 3,000,000	\$ -	\$ 2,000,000	\$ 2,000,000
East Farms School Roof .....	1,000,000	-	550,000	550,000
Irving A. Robbins Middle School .....	1,375,000	-	1,250,000	1,250,000
Open Space (2004) .....	1,500,000	350,000	275,000	275,000
<b>Total .....</b>	<b>\$ 6,875,000</b>	<b>\$ 350,000</b>	<b>\$ 4,075,000</b>	<b>\$ 4,075,000</b>

**School Projects**

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

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

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

**Book-Entry-Only Transfer System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity.

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

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



Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

### ***DTC Practices***

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

## ***Replacement Securities***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bond 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 issue fully-registered Bond certificate directly to the Beneficial Owner. 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.

## ***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 statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

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

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

## ***Qualification for Financial Institutions***

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

### ***Availability of Continuing Information***

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form included in Appendix C to this Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the “Rule”), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. 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.

The Town of Farmington prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody’s Investors Service ongoing disclosure in the form of the annual financial report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

Pursuant to the Rule, the Town has previously undertaken in continuing disclosure agreements entered into for the benefit of the holders of certain of its general obligation bonds and notes to provide certain annual financial information, operating data, and event notices. In the past five years the Town has not failed to comply in any material respect with its undertakings under such agreements.

### ***Rating***

On March 24, 2015 Moody’s Investors Service assigned a rating of “Aaa” on the Bonds and affirmed the “Aaa” rating on the Town’s outstanding bonds. The Town furnished 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 an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant.

### ***Bond Insurance***

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

## **SECTION II – THE ISSUER**

### ***Description of the Town***

The Town of Farmington was incorporated in 1645 from what was known as Tunxis Plantation, one of the largest single land grants in the Colonies. Known as the “Mother Town,” Farmington subsequently was partitioned into the towns of Avon, Bristol, Plainville, New Britain, Berlin, Southington, and Burlington. Today Farmington comprises 28.7 square miles along the Farmington River, lying ten miles west of Hartford, equidistant from the cities of Bristol and New Britain. The Town is bordered on the north by Avon, on the east by West Hartford, New Britain, and Newington, and on the south by Plainville. Bristol and Burlington are to the west.

Farmington is a residential suburb in the Hartford Metropolitan area that has retained its distinctive character through maintenance of its historic districts and careful land use planning for the future. The Town’s population rose to 25,340 according to the 2010 Census, up from the 2000 U.S. Census figure of 23,641. Many of Farmington’s residents are professionals or executives in the area’s insurance, financial, medical or industrial companies. According to the 2009–2011 American Community Survey of the U.S. Census Bureau, per capita income was \$50,982, 39% over the State of Connecticut figure of \$36,613. Over 91% of residents have completed high school or higher degrees and over 49% have completed four or more years of college. The Town has had zoning and subdivision regulations for many years with roughly 43.0% of its available 18,299 acres zoned for residential use.

Farmington maintains 142.26 miles of sanitary sewer and 68.4 miles of storm sewers. In 1994 the Town completed a \$21,000,000 upgrade and expansion to the wastewater treatment facility. The project was funded by grants and loans from the State of Connecticut Clean Water Fund. (See “State of Connecticut Clean Water Fund Program” herein.)

Farmington has four public elementary schools (K–4), one upper elementary school (5–6), one public middle school (7–8), and one public high school (9–12). A twelve-room addition to the high school was completed during the fall of 2005. Farmington is home to Miss Porter’s, a private girls’ school, the State-run Tunxis Community College, and the University of Connecticut Health Center.

There are two post offices in Town, and the public library has over 148,000 volumes and over 15,000 borrowers’ cards outstanding. Farmington has seven parks and public squares, eight churches and synagogues, two museums, several private country and field clubs and two public golf courses, one of which, Westwoods, is Town-owned. Hartford, New Britain and Bristol daily newspapers serve the Town as do a large number of local radio and television stations.

Farmington lies at the hub of major I-84 interchanges, giving it a strong location advantage as a site for central Connecticut business and industry. The Town has direct access to Connecticut Route 9 (Central Connecticut Expressway) and is also served by U.S. Highway 6 and Connecticut Routes 4, 10, 167, and 177. There are 117.85 miles of Town-owned roads and 51 miles of State roads in Town. Connecticut Transit provides commuter bus service to Hartford. Numerous motor common carriers provide the bulk of freight transportation.

The Farmington Industrial Park is headquarters for a number of manufacturing corporations, including New England Airfoil Products, Mallory Industries, and Connecticut Spring and Stamping Company. The Park also hosts the foreign firm of Trumpf America Incorporated, which sells sheet metal cutting equipment. Other firms located in Farmington include Stanley Access Technologies, United Technologies Corporation and The Jackson Laboratory. ConnectiCare, one of the State’s largest HMOs, has its headquarters in Farmington.

West Farms Mall, a regional shopping center of over one million square feet valued in excess of \$185 million, has over one hundred stores. The major tenants include Nordstrom’s, Macy’s, J.C. Penney, and Lord & Taylor. Other shopping centers include the Southeast Plaza, which includes a Sports Authority.

The University of Connecticut Health Center, the Town’s largest employer with approximately 5,300 employees, is composed of the School of Medicine, School of Dental Medicine, John Dempsey Hospital, the UConn Medical Group, UCONN Health Partners and University Dentists. Founded in 1961, the Health Center pursues a mission of providing health care education in an environment of patient care, research and public service.

The main complex occupies 206 acres on a hilltop overlooking interstate 84 (I-84). The building originally contained approximately 1.2 million square feet, seven miles of corridors, and 2,000 rooms. Its first major addition, the Andrew J. Canzonetti M.D. Building, was dedicated in 1994. It added 94,000 square feet next to John Dempsey Hospital. The Health Center’s newest addition, the Academic Research Building, is an 11-story structure that provides 170,000 square feet of state-of-the-art laboratory space and was opened in 1999.

John Dempsey Hospital, the University's hospital, has 224 beds and provides specialized and routine inpatient and outpatient services. The Hospital is widely recognized for its work in maternal fetal medicine, cardiology, cancer care and orthopedics. In addition, John Dempsey Hospital has the only full-service emergency department in the Farmington Valley. In 2010, the Connecticut General Assembly approved legislation that created opportunities for a major renewal of the Hospital, including renovations to the existing Hospital as well as the construction of a new patient tower.

Dedicated to providing broad educational opportunities in the biomedical sciences, the Health Center offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health-care professionals.

In January of 2012, the State of Connecticut signed an agreement with Jackson Laboratory, a Maine-based genetics research institute, whereby The Jackson Laboratory built a \$1.1 billion laboratory on the University of Connecticut Health Center campus in Farmington. The Jackson Laboratory provided \$809 million in financing through federal grants, philanthropy, and service income. The State provided \$291 million in loans and grants for construction and research. The Jackson Laboratory building will initially be 173,000 square feet and could eventually total 250,000 square feet. The Jackson Laboratory expects to create at least 300 positions within 10 years, and there are incentives if it creates additional direct jobs. In addition to the jobs that The Jackson Laboratory will bring to the area, it is expected that up to an additional 6,000 jobs may be created as a result of the business that will develop in the area around the new laboratory.

An ongoing priority has been the revitalization of the center of the Unionville section of Town. Approximately \$2.0 million in Federal and state grants and local funds have been used to restore historic buildings, implement a building façade grant program, make streetscape improvements including improvements for handicap accessibility and renovations to the town-owned Maple Village housing complex.

The Town has a total of 780 hotel rooms. In addition to the 380-room Marriott Hotel, Homewood Suites and Extended Stay America have hotels in Town.

### ***Description of Government***

Farmington is administered under the Council-Manager form of government. The Town Charter, which is the primary organizational document, was first adopted in 1947 and last was revised December 4, 2003. The seven-member council, the Town's legislative body, is elected biennially for a term of two years and serves without compensation. Minority party representation of at least two is guaranteed. The Town Manager serves as full-time Chief Executive and is aided by an Assistant Town Manager. The Town employs a full-time Director of Finance, a Tax Collector, and an Assessor. Finances are under the control of the Town Council, the Town Manager, and the Director of Finance/Treasurer.

## Principal Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection/Term</i>	<i>Length Of Service</i>
Chairman.....	Nancy Nickerson	Elected/2 years	5 years
Member .....	Jeffery Apuzzo	Elected/2 years	1 year
Member .....	Jon Landry	Elected/2 years	1 year
Member .....	Peter Mastrobattista	Elected/2 years	1 year
Member .....	Amy Suffredini	Elected/2 years	2 years
Member .....	Meredith Trimble	Elected/2 years	1 year
Member .....	John W. Vibert	Elected/2 years	6 years
Town Manager.....	Kathleen A. Eagen	Appointed	14 years
Director of Finance/Treasurer...	Joseph Swetcky, Jr.	Appointed	10 years
Tax Collector .....	Christine Robinson	Appointed	3 years
Town Clerk .....	Paula B. Ray	Elected/2 years	14 years
Corporation Counsel .....	Halloran & Sage, LLP	Appointed	3 years
Assessor .....	Christine Barta	Appointed	5 months
Superintendent of Schools.....	Kathleen C. Greider	Appointed	5 years

## Summary of Municipal Services

**Police:** The Police Department currently employs a full-time Chief, a Captain, two Lieutenants, nine Sergeants, three Detectives, 29 Patrol Officers, an Animal Control Officer, a Communications Supervisor, nine Dispatchers, a Records Supervisor and three full-time and one part-time clerical staff. The department employs twenty-six vehicles for patrol and transportation services. In response to citizen’s concerns the department has placed a heavy emphasis on traffic safety. The department has increased its efforts to get citizens more involved in the community by creating a “Community Emergency Response Team”. This is a volunteer program where citizens are trained in traffic control, CPR and emergency shelter management. The department is nationally accredited by the Commission on Accreditation for Law Enforcement Agencies, Inc.

**Fire:** Fire protection is provided by a combination department of 155 volunteer firefighters and eight paid professional, full-time firefighters. Stations are located in five areas of the Town: Farmington Center, Unionville, East Farms, Oakland Gardens, and Southwest Farmington. Fire equipment consists of ten pumpers, one rescue truck, three medical units, two utility vehicles, and one aerial ladder truck. The department has a Knox Box program in place to facilitate access to secured buildings during an emergency. In addition to the Town fire department, the University of Connecticut Health Center maintains its own fire department, which can be called upon to assist Town forces when needed.

**Emergency Medical Services:** The University of Connecticut Health Center provides paramedic services around the clock. In addition, the Town is served by a professional ambulance company and emergency medical response from the Fire Department. The Town uses the 911 emergency telephone system for emergency service dispatched from the Farmington Police Department. The Town also provides emergency dispatch services for the Town of Burlington.

**Sewers:** Farmington owns and operates a sanitary sewer system, which serves approximately 85% of the population in Town plus portions of the population of the Towns of Avon, Burlington and Canton. The University of Connecticut Health Center also sends effluent to the Town’s processing plant. Wastewater treatment is provided for both domestic and industrial wastes.

Wastewater treatment operations and maintenance are accounted for through a special revenue fund. The fund is supported through the levy and collection of user fees. Individual homeowners are charged \$300.00 as an annual service fee, while commercial users are charged a rate based on water usage. Currently the rate is .026 per 100 cubic feet of water used. Sewer-related debt is partially retired by sewer assessment payments and sewer user fees with the balance of sewer debt service coming from the General Fund.

In November of 2014 Town voters approved an authorization to borrow up to \$57.2 million to upgrade the current wastewater treatment plant. Construction is scheduled to begin in the summer of 2015 and is expected to take up to three years to complete. The project will be paid for through a Clean Water Fund Grant of 20% of the construction cost, a Clean Water Fund Loan, and assessments on the Towns of Avon, Burlington, and Canton, as well as the University of Connecticut Health Center.

Under the service contracts with the Towns of Avon, Burlington and Canton and the University of Connecticut Health Center, each user is responsible for a pro rata share of Farmington's Clean Water Fund debt service based on their flow rate. In total, it is estimated that external users will pay almost 22% of the contractual debt service over the 20-year life of the State Loan.

**Health Services:** The University of Connecticut Health Center, located in Farmington, is a major hospital, teaching and research facility for the State of Connecticut. The hospital component of the Health Center offers a comprehensive range of primary and tertiary care resources. John Dempsey Hospital is a 224-bed acute-care facility with around-the-clock medical and dental emergency services and both inpatient and outpatient capabilities in pediatrics, obstetrics, psychiatry, dentistry, adult medicine and surgery, plus intensive care for adults, children and newborns.

**Recreation:** The Recreation Department is dedicated to providing wholesome recreation and leisure activities for the enjoyment of all Farmington residents. The department employs a full-time director, a recreation supervisor and clerical staff. The Town maintains an extensive network of recreational facilities including soccer, baseball, softball, lacrosse and football fields, tennis courts, trail ways, and a Town-owned executive golf course.

**Public Works:** The Department of Public Works employs a total of 36 individuals who staff the Highway, Grounds, and Engineering Departments. The Highway and Grounds Department has fifteen dump trucks/snow plows and several heavy-duty loaders, sanders, spreaders and leaf vacuums. The department is responsible for maintaining all Town roads; grounds; trail ways and athletic fields.

**Housing Authority:** The Housing Authority, established in 1972, works to further affordable housing opportunities in the Town of Farmington. It also investigates alternative solutions and initiatives regarding affordable housing. The Housing Authority awards Town-owned lots to first-time homebuyers under its Cooperative Ownership Program, which began in 1981. As of December 31, 2014, a total of 37 lots have been awarded. The Town also owns seven affordable rental units of various sizes. These units are maintained through the rental fees that are collected.

The Executive Director of the Housing Authority is responsible for administering Maple Village, a 40-unit elderly housing apartment complex located in Unionville on Maple Avenue Extension. The staff of the Community Services Department provides intake and counseling services and income determinations for tenants and applicants. Built in 1975, the complex houses individuals over age 62. The complex has undergone extensive renovations over the past four years through a combination of Federal, state and local funding.

The Farmington Housing Authority continues to participate in the State's Rental Assistance program for elderly tenants in Authority-operated housing. Additionally, the Authority administers 90 HUD Section 8 vouchers, which provide rental subsidies for persons of low income.

**Service Contract – Solid Waste Disposal:** The Town provides curbside solid waste and recyclables collections to residents. The Town entered into a long-term service contract (the "Service Contract") with the Materials Innovation and Recycling Authority ("MIRA") (formerly known as the Connecticut Resource Recovery Authority) for the disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective on October 19, 2011 and expires on June 30, 2027.

Each municipality signing a Service Contract, including 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. MIRA is required to impose service payments at a uniform rate per ton for all municipalities, such that the aggregate of all such service payments received by MIRA shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. Under the Service Contract, the Town has no obligation for a minimum tonnage commitment; however it must commit to a "flow control" provision which requires that all solid waste and residential recyclables generated within its borders be directed to the MIRA facility. A disposal fee of \$62.00 is in effect for fiscal year 2015.

MIRA 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 collections, disposal and treatment of solid waste that does not meet the requirements of MIRA or that it refuses or is unable to accept under the Service Contract.

Prior to the start of each contract year MIRA estimates (i) the service payments to be paid by each municipality for such contract year and (ii) the annual budget for the System and submits such information to each municipality. Each municipality is then required to make all provisions necessary to pay the service payments on a timely basis. The service payments remain in effect for the contract year with differences between the aggregate of all such service payments and the net cost of operation for each contract year being settled in the following contract year. A municipality is obligated to make service payments only if MIRA accepts solid waste delivered by the municipality.

All municipalities, including the Town, pledge their full faith and credit for the payment of all service payments and any delayed-payment charges and costs and expenses of MIRA and its representatives in collecting overdue service payments. To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to MIRA of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

**Libraries:** The Town provides a substantial annual contribution to the Farmington Village Green and Library Association (“FVGLA”) in order to assist FVGLA in operating a public library system in Town. FVGLA currently has two facilities, a large public library on the Town Hall campus, as well as a branch library, known as the Barney Library, in Farmington Center. The Town provides funding support for approximately 91% of the library system’s total operating budget. The remainder of the funding comes from private donations, grants and an endowment.

In recent years the Library has changed its focus to meet the changing needs of the Town. The Library has become heavily involved in technology and offering programming for all age groups. In 2013, the library offered 1075 programs which were attended by over 22,500 people. They also provided over 250 hours of technology instruction to patrons. They also hosted 20 music programs which attracted over 1700 attendees.

**Other Services:** The Town’s health service needs are met by the Farmington Valley Health District. The District is charged with protecting the public health through inspections of food service establishments, septic systems, swimming pools and private water supplies.

The Town partners with Services for the Elderly of Farmington, a nonprofit agency, to provide elderly services such as “Meals on Wheels”, congregate meals, transportation services and well visits.

The Town rents small plots of land to individuals for community gardening. The Town plows, fertilizes, and stakes the individual plots and rents them to interested parties for a minimal charge. Approximately 221 plots are available during the planting season.

## **Educational System**

The Farmington public school system is comprised of seven schools organized into four school levels. Four elementary schools serve children in grades kindergarten through 4. Each of Farmington’s elementary schools earned distinction as Nationally Recognized Blue Ribbon Schools by the U.S. Department of Education. Students in grades 5 and 6 attend the West Woods Upper Elementary School. This 132,000-square-foot school was constructed in 2001–02 and opened in the fall of 2002. Irving A. Robbins Middle School is also a Nationally Recognized Blue Ribbon School. All Farmington students in grades 7 and 8 are served at this middle school. Farmington High School serves all students in grades 9–12 and is recognized as one of the top performing high schools in Connecticut. U.S. News and World Report ranked Farmington High School seventh on their list of “Best High Schools in Connecticut.”

For the 2014–15 school year, 3,916 students were enrolled in the Farmington public schools including Hartford students who enroll in the Farmington schools through the State’s Open Choice Program. The Board of Education employs approximately 388 professional educators and approximately 177 support staff to provide the educational programs and to support approximately 668,000 square feet of school building space.

The school system is governed by a nine-member elected Board of Education. The Board employs a Superintendent of Schools to operate as the system’s chief executive officer. Kathleen C. Greider was appointed Superintendent of Schools in 2009. The Board of Education and Superintendent are committed to a well-established system of accountability and continuous improvement reflected in the school district’s mission or over-riding purpose:

*The mission of the Farmington Public Schools is to enable all students to achieve academic and personal excellence, exhibit persistent effort and live as resourceful, inquiring and contributing global citizens.*

This accountability and continuous improvement system focuses directly on measurable results that are portrayed and analyzed at the school and district level each year. This achievement-oriented, value-added approach is best reflected by Farmington’s per pupil expenditure ranking in Connecticut – 93 of 169 school districts contrasted with performance on statewide tests in grades 5 and 8 in the top 10% of Connecticut school districts. Ninety-seven percent of the Class of 2013 graduating class went on to college or military service. More than 66% of recent graduates took one or more Advanced Placement or college courses while in high school. All students begin studying a world language in grade 5. A town-wide technology plan has resulted in each school building having diverse technologies available to support teaching and learning. Comprehensive and award-winning programs in the arts, music and physical education are provided at each school level.



### School Enrollments

<b>As of October 1</b>	<b>Grades K-4</b>	<b>Grades 5-6</b>	<b>Grades 7-8</b>	<b>Grades 9-12</b>	<b>Special Education</b>	<b>Total Enrollment</b>
<b>Historical</b>						
2004	1,545	654	747	1,374	24	4,344
2005	1,497	646	718	1,375	21	4,257
2006	1,455	664	674	1,398	30	4,221
2007	1,408	687	652	1,390	29	4,166
2008	1,413	676	671	1,360	25	4,145
2009	1,417	658	686	1,323	24	4,108
2010	1,453	603	688	1,306	18	4,068
2011	1,459	575	652	1,291	32	4,009
2012	1,479	578	610	1,319	28	4,014
2013	1,428	620	571	1,306	34	3,959
2014	1,399	673	570	1,274	30	3,946
<b>Projected</b>						
2015	1,362	654	622	1,217	30	3,885
2016	1,324	635	673	1,162	27	3,821
2017	1,300	630	654	1,166	27	3,777

Source: Town of Farmington, Board of Education

### School Facilities

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Additions, Remodeling)</b>	<b>Number of Classrooms</b>	<b>10/1/2014 Enrollment</b>	<b>Rated Capacity</b>
Noah Wallace.....	K-4	1904 (1941)	22	334	440
West District .....	K-4	1963 (1999)	22	315	440
Union .....	K-4	1939 (1999)	21	305	420
East Farms .....	K-4	1967 (1988)	24	445	480
I.A. Farms .....	7-8	1995	45	570	900
West Wood Upper Elementary....	5-6	2002	54	673	756
Farmington High .....	9-12	1928 (2004)	61	1,274	1,476
<b>Total.....</b>			<b>249</b>	<b>3,916</b>	<b>4,912</b>

### Principal Public Facilities

<b>Facility</b>	<b>Date Constructed</b>	<b>Additions &amp; Renovations</b>	<b>Type of Construction</b>	<b>Planned Major Improvements</b>
Town Hall.....	1968	–	Steel/brick	None
Treatment Plant .....	1961	1994	Steel/brick	2016
Police Station .....	2002	–	Steel/brick	None
Highway Garage .....	1979	–	Steel/brick	None
Senior/Community Center ....	2002	–	Steel/brick	None

### Municipal Employees<sup>1</sup>

	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
General Government.....	162	162	161	160	160
Board of Education.....	625	607	570	569	563
<b>Total.....</b>	<b>787</b>	<b>769</b>	<b>731</b>	<b>729</b>	<b>723</b>

Source: Town of Farmington

<sup>1</sup>Full-time equivalent.

**Municipal Employees Bargaining Organizations**

<b>Board of Education Groups</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
Farmington Education Association (CEA/NEA) .....	370	6/30/2017
Farmington Association of School Administrators .....	15	6/30/2018
Connecticut Independent Labor Union .....	190	6/30/2015
Organized.....	575	
Non-Union.....	50	
<b>Sub-Total.....</b>	<b>625</b>	
<b>General Government</b>		
International Brotherhood of Police Officers .....	44	6/30/2015
AFSCME.....	75	6/30/2015
International Association of Fire Fighters .....	8	6/30/2014 <sup>1</sup>
C.S.E.A., Local 760/SEIU, AFL-CIO .....	21	6/30/2015
Organized.....	148	
Non-Union.....	14	
Sub-Total .....	162	
<b>Total .....</b>	<b>787</b>	

(1) In negotiation

Source: Town of Farmington

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

## SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

### Population Trends and Densities

<b>Year</b>	<b>Population</b> <sup>1</sup>	<b>% Increase (Decrease)</b>	<b>Density</b> <sup>2</sup>
2013 <sup>3</sup>	25,429	0.4%	883.0
2010	25,340	7.2%	879.9
2000	23,641	14.7%	820.9
1990	20,608	25.6%	715.6
1980	16,407	14.0%	569.7
1970	14,390	--	499.7

<sup>1</sup> 1970-2010, U.S. Department of Commerce, Bureau of Census

<sup>2</sup> Per square mile: 28.8 square miles

<sup>3</sup> American Community Survey 2011-2013

### Age Distribution of the Population

<b>Age</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	1,225	4.8%	194,225	5.4%
5 to 9 years .....	1,679	6.6	219,349	6.1
10 to 14 years .....	1,790	7.0	233,937	6.5
15 to 19 years .....	1,565	6.2	256,728	7.2
20 to 24 years .....	1,284	5.0	231,855	6.5
25 to 34 years .....	2,454	9.7	434,045	12.1
35 to 44 years .....	3,600	14.2	457,352	12.8
45 to 54 years .....	3,859	15.2	564,968	15.8
55 to 59 years .....	1,753	6.9	253,949	7.1
60 to 64 years .....	1,849	7.3	214,885	6.0
65 to 74 years .....	2,254	8.9	280,270	7.8
75 to 84 years .....	1,307	5.1	162,478	4.5
85 years and over .....	810	3.2	88,223	2.5
<b>Total</b> .....	25,429	100.0%	3,574,097	100.0%
Median Age (Years) 2013.....	42.7		40.3	
Median Age (Years) 2010..... <sup>1</sup>	42.0		40.0	

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2011-2013

## Comparative Income Measures

	<b>Town of Farmington</b>	<b>State of Connecticut</b>
Per Capita Income .....	\$53,634	\$37,468
Median Family Income .....	\$115,072	\$86,354

*Source: American Community Survey 2011-2013*

### Income Distribution

	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
Less than \$10,000.....	297	2.9%	31,998	3.6%
\$10,000 to \$14,999.....	230	2.2	19,733	2.2
\$15,000 to \$24,999.....	593	5.7	47,940	5.4
\$25,000 to \$34,999.....	592	5.7	58,412	6.5
\$35,000 to \$49,999.....	999	9.6	84,568	9.5
\$50,000 to \$74,999.....	1,451	14.0	144,193	16.1
\$75,000 to \$99,999.....	1,576	15.2	126,671	14.2
\$100,000 to \$149,999...	1,973	19.1	183,125	20.5
\$150,000 to \$199,999...	1,116	10.8	88,784	9.9
\$200,000 or more.....	1,526	14.7	109,304	12.2
<b>Total</b> .....	10,353	100.0%	894,728	100.0%

*Source: American Community Survey 2011-2013*

### Educational Attainment

Years of School Completed – Age 25 and Over

	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	315	4.2%	108,071	4.4%
9th to 12th grade, no diploma.....	436	5.8	149,826	6.1
High School graduate (includes equivalency).....	3,362	26.7	675,447	27.5
Some college, no degree.....	2,425	18.1	437,198	17.8
Associate degree.....	1,244	8.7	181,757	7.4
Bachelor's degree.....	5,340	20.3	503,515	20.5
Graduate or professional degree.....	4,764	16.3	402,812	16.4
<b>Total</b> .....	1,287,600	100.0%	2,456,170	100.0%
Percent high school graduate or higher.....		95.8%		89.6%
Percent bachelor's degree or higher.....		56.5%		36.9%

*Source: American Community Survey 2011-2013*

## Labor Force Data

<i>Period</i>	<i>Town of Farmington</i>		<i>Percentage Unemployed</i>		
	<i>Employed</i>	<i>Unemployed</i>	<i>Town of Farmington</i>	<i>Hartford Labor Market</i>	<i>State of Connecticut</i>
February 2015.....	13,364	669	4.8	6.9	6.9
<b><i>Annual Average</i></b>					
2014.....	12,380	664	5.1	6.7	6.9
2013.....	12,134	785	6.1	7.9	7.9
2012 .....	12,086	785	6.1	8.4	8.3
2011 .....	12,333	866	6.6	8.9	8.8
2010 .....	12,215	943	7.2	9.1	9.0
2009 .....	12,366	824	6.2	8.3	8.2
2008 .....	12,539	568	4.3	5.9	5.8
2007 .....	12,520	465	3.6	4.7	4.6
2006 .....	12,237	434	3.4	4.4	4.3
2005 .....	12,063	481	3.8	5.1	4.9
2004 .....	11,841	487	4.0	5.2	4.9
2003 .....	11,797	547	4.4	5.9	5.5

*Source: Department of Labor, State of Connecticut*

## Major Employers As of March 2015

<i>Employer</i>	<i>Type of Business</i>	<i>Approximate Number of Employees</i>
UConn Health Center .....	Hospital/College	5,309
West Farms Mall .....	Retail	2,600
United Technologies Corporation .....	Manufacturer	2,500
Town of Farmington/Board of Education .....	Municipal Government	708
Connecticare .....	Health Insurer	578
Trumpf .....	Manufacturer	485
Connecticut Spring & Stamp .....	Manufacturer	455
American Red Cross .....	Regional Headquarters	300
Macy's .....	Retail	270
J.C. Penney Co. ....	Retail	265
Nordstroms .....	Retail	245
Moore Medical LLC .....	Medical Supply	240

*Source: Economic Development Department, Town of Farmington.*

## Industry Classification

<b>Sector</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	10	0.1%	7,411	0.4%
Construction.....	551	4.2	97,046	5.5
Manufacturing.....	967	7.4	191,092	10.9
Wholesale trade.....	254	1.9	43,549	2.5
Retail trade.....	1,527	11.7	195,674	11.1
Transportation warehousing, and utilities....	225	1.7	64,301	3.7
Information.....	498	3.8	39,277	2.2
Finance, insurance, real estate, and leasing..	2,021	15.5	160,194	9.1
Professional, scientific, management, administrative, and waste management.....	1,560	11.9	197,331	11.2
Education, health and social services.....	3,499	26.8	465,523	26.4
Arts, entertainment, recreation, accommodation and food services.....	752	5.8	153,212	8.7
Other services (except public admin.).....	673	5.1	80,941	4.6
Public Administration.....	532	4.1	64,480	3.7
<b>Total Labor Force, Employed.....</b>	<b>13,069</b>	<b>100.0%</b>	<b>1,760,031</b>	<b>100.0%</b>

Source: American Community Survey 2011-2013

## Commute to Work 16 years of age and over

	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Drove alone .....	11,107	87.2%	1,359,050	78.7%
Car pools .....	594	4.7	144,497	8.4
Using public transportation .....	220	1.7	80,574	4.7
Walked .....	159	1.2	52,155	3.0
Using other means .....	134	1.1	19,955	1.2
Worked at home .....	523	4.1	71,055	4.1
<b>Total .....</b>	<b>12,737</b>	<b>100.0%</b>	<b>1,727,286</b>	<b>100.0%</b>
Mean travel to work (minutes)	23.7		24.8	

Source: American Community Survey 2011-2013

## Number and Value of Building Permits

<b>Fiscal Year</b>	<b>Residential</b>		<b>Comm./Industrial</b>		<b>Total</b>	
	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>
2015 *	1,058	\$16,025,484	287	\$29,340,608	1,345	\$45,366,092
2014	1,430	18,596,973	482	69,713,813	1,912	88,310,786
2013	1,517	30,291,728	461	42,490,430	1,978	72,782,158
2012	1,583	21,212,761	334	20,815,783	1,917	42,028,544
2011	1,206	19,470,790	366	13,349,341	1,572	32,820,131
2010	1,285	22,423,499	271	13,832,294	1,556	36,255,793
2009	1,148	17,532,392	383	20,498,795	1,531	38,031,187
2008	1,133	25,362,228	466	44,013,132	1,599	69,375,360
2007	1,248	22,150,810	400	25,586,452	1,648	47,737,262
2006	1,432	28,189,850	362	25,767,238	1,794	53,957,088
2005	1,316	27,160,016	381	19,296,684	1,697	46,456,700

\*As of 02/28/15

Source: Town of Farmington, Building Official

### Age Distribution of Housing

<b>Year Built</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	1,008	9.1%	329,082	22.1%
1940 to 1969.....	2,821	25.6	544,268	36.6
1970 to 1979.....	1,886	17.1	198,940	13.4
1980 to 1989.....	2,604	23.6	192,651	12.9
1990 to 1999.....	1,442	13.1	113,217	7.6
2000 or 2009.....	1,243	11.3	101,890	6.8
2010 or later.....	28	0.3	7,697	0.5
<b>Total Housing Units, 2013.....</b>	<b>11,032</b>	<b>100.0%</b>	<b>1,487,745</b>	<b>100.0%</b>

Source: American Community Survey 2011-2013

### Housing Units by Type of Structure

<b>Housing Units</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	6,891	62.5%	879,436	59.1%
1-unit, attached.....	1,339	12.1	81,006	5.4
2 units.....	377	3.4	120,164	8.1
3 or 4 units.....	781	7.1	134,594	9.0
5 to 9 units.....	411	3.7	83,068	5.6
10 to 19 units.....	376	3.4	54,667	3.7
20 or more units.....	857	7.8	122,191	8.2
Mobile home.....	-	-	12,361	0.8
Boat, RV, van, etc.....	-	-	258	0.0
<b>Total Inventory.....</b>	<b>11,032</b>	<b>100.0%</b>	<b>1,487,745</b>	<b>100.0%</b>

Source: American Community Survey 2011-2013

### Housing Unit Vacancy Rates

<b>Housing Units</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Occupied housing units .....	10,353	93.8%	1,355,849	91.2%
Vacant housing units .....	679	6.2	131,146	8.8
Total .....	11,032	100.0%	1,486,995	100.0%

Source: American Community Survey 2011-2013

### Owner-occupied Housing Units

<b>Specified Owner-Occupied Units</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	161	2.0%	22,789	2.5%
\$50,000 to \$99,999.....	74	0.9	27,976	3.1
\$100,000 to \$149,999.....	253	3.2	73,823	8.2
\$150,000 to \$199,999.....	777	9.8	141,109	15.6
\$200,000 to \$299,999.....	2,104	26.5	253,543	28.1
\$300,000 to \$499,999.....	3,059	38.5	236,260	26.2
\$500,000 to \$999,999.....	1,170	14.7	108,245	12.0
\$1,000,000 or more.....	338	4.3	39,354	4.4
<b>Total.....</b>	<b>7,936</b>	<b>100.0%</b>	<b>903,099</b>	<b>100.0%</b>

**Median Value.....** \$332,900 \$271,500

Source: American Community Survey 2011-2013

### Number and Size of Households

<b>Household Characteristics</b>	<b>Town of Farmington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Persons in households .....	6,342	-	788,550	-
Persons per household (average) .....	2.43	-	2.55	-
Persons per family (average) .....	3.09	-	3.14	-
Family households .....	6,577	63.6	903,577	66.6
Non-family households .....	3,766	36.4	452,272	33.4
All households .....	10,343	100.0	1,355,849	100.0
Family households by type				
Married couple .....	11,878	57.3	1,431,995	48.9
Female householders, no spouse ,,,	2,469	11.9	456,053	15.6
Other .....	6,388	30.8	1,041,237	35.5
Total family households .....	20,735	100.0	2,929,285	100.0
Non-family households by type				
Householders living alone .....	3,195	66.6	374,214	71.8
Other .....	1,604	33.4	146,627	28.2
Total family households .....	4,799	100.0	520,841	100.0

Source: American Community Survey 2011-2013

### Land Use Summary As of January 2015

<b>Type</b>	<b>Acres</b>	<b>Percent</b>
Residential.....	7935	43.4%
Commercial/industrial.....	1973	10.8
Government/institutional.....	744	4.0
Open space.....	6,036	33.0
Town roads.....	883	4.8
State roads.....	728	4.0
<b>Total.....</b>	<b>18,299</b>	<b>100.0%</b>

Vacant Residential Land 1,988.50 Acres  
 Vacant Non-residential Land 242.25 Acres

Source: Planning and Zoning Department, Town of Farmington



**SECTION IV – DEBT SECTION**

**Debt Summary  
Pro Forma  
As of April 15, 2015**

**Outstanding Short-term Debt**

The Town of Farmington does not have any outstanding short-term debt.

**Outstanding Bonded Debt**

<i>Dated Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Amount Outstanding</i>	<i>Fiscal Year of Maturity</i>
05/12/09	General purpose.....	2.25–5.00	\$ 2,927,200	\$ 2,252,700	09/15/21
05/12/09	School.....	2.25–5.00	10,547,800	8,117,300	09/15/21
07/09/09	General purpose, Series B.....	2.00–5.00	11,341,500	4,900,700	09/15/20
07/09/09	Schools, Series B.....	2.00–5.00	5,043,500	2,179,300	09/15/20
07/09/09	General purpose, Series C.....	2.00–4.00	1,250,000	625,000	09/15/20
06/23/11	General purpose.....	2.00–4.00	7,401,400	5,638,800	04/01/23
06/23/11	School.....	2.00–4.00	2,930,200	2,311,800	04/01/23
06/23/11	Sewer.....	2.00–4.00	1,218,400	959,400	04/01/23
05/24/12	General purpose.....	2.00–4.00	3,654,100	3,241,500	07/01/25
05/24/12	School.....	2.00–4.00	825,900	820,700	07/01/25
05/24/12	Sewer.....	2.00–4.00	360,000	357,800	07/01/25
02/15/13	General purpose.....	2.00–3.00	4,220,000	3,965,000	01/15/28
04/15/15	This issue - General Purpose.....	2.00-4.00	2,275,000	2,275,000	04/15/30
04/15/15	This issue - Schools.....	2.00-4.00	1,800,000	1,800,000	04/15/30
	<b>Total Outstanding Bonded Debt....</b>		<b>\$ 55,795,000</b>	<b>\$ 39,445,000</b>	

**State of Connecticut Clean Water Fund Program**

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

**Capital Leases**

The Town of Farmington has entered into lease arguments, as lessee, to finance the acquisition of recycling carts, rolling stock, golf carts and for energy conservation improvements to various Town and School buildings. The leases have varying maturities from 3 years to 16 years as follows:

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate</i>	<i>Original Issue</i>	<i>Outstanding</i>	<i>Fiscal Year of Maturity</i>
07/19/11	Recycling Carts.....	4.25%	\$ 350,000	\$ 74,465	12/1/2015
08/01/14	Vacuum Truck.....	0.18	319,371	262,695	7/10/2019
04/26/12	Energy Conserv.....	2.97	3,705,081	3,579,162	4/26/2029
05/26/11	Golf Carts.....	4.00	88,481	39,545	11/1/2015
06/01/13	Golf Carts.....	4.55	20,367	13,915	12/1/2016
	<b>Total.....</b>		<b>\$ 4,483,300</b>	<b>\$ 3,969,782</b>	

The principal and interest on the leases is being paid from various sources including: waste charges, sewer use fees, energy conservation savings and golf cart rentals.

**Overlapping/Underlying Debt  
Pro Forma  
As of April 15, 2015**

The jurisdictions with boundaries overlapping or underlying Town boundaries is based upon information received by the Town from sources specified below. This does not reflect authorized but unissued indebtedness of those jurisdictions. The Town has not assumed responsibility to verify the information below.

**Overlapping Debt**

The Town of Farmington has no overlapping debt.

**Underlying Debt**

The Farmington Woods Tax District, Lake Garda Improvement Association and Talcott Glen Tax District have the authority to issue debt, which represents underlying debt of the Town. As of April 15, 2015, these districts do not have any outstanding indebtedness.

**Bonded Debt Maturity Schedule<sup>1</sup>  
Pro Forma  
As of April 15, 2015**

<i>Fiscal Year Ending</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total Payments</i>	<i>This Issue</i>	<i>Cumulative % of Principal Interest</i>
06/30/16	\$ 5,140,000	\$ 1,217,438	\$ 6,357,438	\$ 275,000	13.7%
06/30/17	4,260,000	1,061,600	5,321,600	275,000	25.2%
06/30/18	4,300,000	913,750	5,213,750	275,000	36.8%
06/30/19	4,285,000	731,775	5,016,775	275,000	48.4%
06/30/20	4,275,000	555,600	4,830,600	275,000	59.9%
06/30/21	3,750,000	387,725	4,137,725	270,000	70.1%
06/30/22	2,905,000	254,525	3,159,525	270,000	78.2%
06/30/23	1,395,000	167,925	1,562,925	270,000	82.4%
06/30/24	1,440,000	118,900	1,558,900	270,000	86.7%
06/30/25	1,415,000	82,744	1,497,744	270,000	91.0%
06/30/26	1,390,000	44,738	1,434,738	270,000	95.2%
06/30/27	410,000	17,325	427,325	270,000	96.9%
06/30/28	405,000	8,100	413,100	270,000	98.6%
06/30/29	-	-	-	270,000	99.3%
06/30/30	-	-	-	270,000	100.0%
<b>Total</b>	<b>\$ 35,370,000</b>	<b>\$ 5,562,144</b>	<b>\$40,932,144</b>	<b>\$ 4,075,000</b>	

<sup>1</sup> Excludes \$5,195,000 principal payments and \$1,381,699 interest payments made from July 1, 2014 through April 15, 2015.

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

**Current Debt Statement  
Pro Forma  
As of April 15, 2015**

**Long-Term Debt Outstanding:**

General Purpose (Includes this issue).....	\$ 22,898,700
Schools (Includes this issue).....	15,229,100
Sewers .....	1,317,200
<b>Total Long-Term Debt</b> .....	<b>39,445,000</b>
<b>Short-Term Debt</b> .....	<b>-</b>
<b>Total Direct Debt</b> .....	<b>39,445,000</b>
Less: School Construction Grants Receivable (As of April 15, 2015) .....	(162,932)
<b>Total Net Direct Debt</b> .....	<b>39,282,068</b>
Underlying Debt .....	-
<b>Total Overall Net Debt</b> .....	<b>\$ 39,282,068</b>

**Current Debt Ratios  
Pro Forma  
As of April 15, 2015**

Population (2013) <sup>1</sup> .....	25,429
Net Taxable Grand List (10/1/14) .....	\$ 3,533,281,325
Estimated Full Value (70%).....	\$ 5,047,544,750
Equalized Grand List (10/1/12) <sup>2</sup> .....	\$ 5,286,801,017
Money Income per Capita (2010) <sup>1</sup> .....	\$ 50,982
Money Income per Capita (2013) <sup>1</sup> .....	\$ 53,634

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt and Overall Net Debt <sup>3</sup></b>
Per Capita.....	\$ 1,551.18	\$ 1,544.77
Ratio to Net Taxable Grand List.....	1.12%	1.11%
Ratio to Estimated Full Value.....	0.78%	0.78%
Ratio to Equalized Grand List.....	0.75%	0.74%
Debt per Capita to Money Income per Capita (2013)....	2.89%	2.88%
Debt per Capita to Money Income per Capita (2010)....	3.04%	3.03%

<sup>1</sup> American Community Survey 2011-2013

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> The Town does not have any indirect debt.

**Statement of Statutory Debt Limitation  
Pro Forma  
As of April 15, 2015**

**Debt Margin**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2014.....	\$ 83,590,642 <sup>1</sup>
Reimbursement For Revenue Loss (Elderly Freeze Grant).....	895
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 83,591,537</b>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 188,080,958	-	-	-	-
4 1/2 times base.....	-	\$ 376,161,917	-	-	-
3 3/4 times base.....	-	-	\$ 313,468,264	-	-
3 1/4 times base.....	-	-	-	\$ 271,672,495	-
3 times base.....	-	-	-	-	\$ 250,774,611
<b>Total Debt Limitation.....</b>	<b>\$ 188,080,958</b>	<b>\$ 376,161,917</b>	<b>\$ 313,468,264</b>	<b>\$ 271,672,495</b>	<b>\$ 250,774,611</b>
<b>Indebtedness:</b>					
Bonds Outstanding .....	20,623,700	13,429,100	1,317,200	-	-
Bonds – This Issue.....	2,275,000	1,800,000	-	-	-
Debt Authorized But Unissued.....	7,056,241	1,675,000	57,240,000	-	-
<b>Total Indebtedness.....</b>	<b>29,954,941</b>	<b>16,904,100</b>	<b>58,557,200</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable.....	-	(162,932)	-	-	-
Sewer Assessment Debt.....	-	-	-	-	-
<b>Total Net Indebtedness.....</b>	<b>29,954,941</b>	<b>16,741,168</b>	<b>58,557,200</b>	<b>-</b>	<b>-</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 158,126,017</b>	<b>\$ 359,420,749</b>	<b>\$ 254,911,064</b>	<b>\$ 271,672,495</b>	<b>\$ 250,774,611</b>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$585,140,759

<sup>1</sup> Does not include tax collections of coterminous municipalities although permitted by statute.

### Five-year Debt Statement Summary

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Population. <sup>2</sup> .....	25,429	25,429	25,340	25,340	25,340
Net taxable grand list.....	\$3,476,175,110	\$3,747,795,903	\$3,727,355,263	\$3,706,221,553	\$3,675,816,588
Estimated full value.....	\$4,965,964,443	\$5,353,994,147	\$5,324,793,233	\$5,294,602,219	\$5,251,166,554
Equalized net taxable grand list. <sup>1</sup> .....	\$5,286,801,017	\$5,313,947,012	\$5,016,473,381	\$5,237,838,337	\$5,396,675,900
Per capita income <sup>2</sup> .....	\$53,634	\$53,634	\$50,982	\$50,982	\$50,982
Bond anticipation notes .....	\$ -	\$ -	\$ -	\$ -	\$ -
Bonded debt .....	<u>40,565,000</u>	<u>45,835,000</u>	<u>52,606,216</u>	<u>59,429,626</u>	<u>62,842,095</u>
Direct debt .....	40,565,000	45,835,000	52,606,216	59,429,626	62,842,095
Less:					
School construction grants .....	321,575	485,321	841,550	1,206,438	1,631,513
Sewer assessments receivable .....	272,075	417,111	18,565	703,213	844,330
Net direct debt .....	<u>\$39,971,350</u>	<u>\$44,932,568</u>	<u>\$51,746,101</u>	<u>\$57,519,975</u>	<u>\$60,366,252</u>

<sup>1</sup> State of Connecticut, Office of Policy and Management.

<sup>2</sup> 2009–2013 American Community Survey for 2012–14; U.S. Department of Commerce, Bureau of Census, 2000 Census for 2009 and 2012.

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

<b>Fiscal Year Ended June 30</b>	<b>Debt Service</b>	<b>Total Expenditures and Transfers Out</b>	<b>Debt Service as Ratio to Total Expenditures and Transfers Out</b>
2014	7,504,478	96,586,390	7.8%
2013	8,315,421	94,607,047	8.8%
2012	8,684,392	93,690,715	9.3%
2011	8,974,100	88,921,436	10.1%
2010	8,989,332	86,231,379	10.4%
2009	9,089,194	87,084,464	10.4%

**Authorized but Unissued Debt  
Pro Forma  
As of April 15, 2015**

<b>Project</b>	<b>Date Authorized</b>	<b>Amount Authorized</b>	<b>Bonds Issued</b>	<b>Grants/ Paydowns</b>	<b>Authorized But Unissued Debt</b>
IAR School Heating System.....	05/02/13	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000
IAR School Improvements.....	05/02/13	1,375,000	1,250,000	-	125,000
East Farms Roof Replacement.....	05/01/14	1,000,000	550,000	-	450,000
Open Space Acquisition.....	05/01/03	3,500,000	983,084	1,531,175	985,741
Open Space Acquisition.....	05/06/04	1,500,000	625,000	304,500	570,500
Open Space Acquisition.....	05/15/05	1,000,000	-	-	1,000,000
Open Space Acquisition.....	05/01/14	3,500,000	-	-	3,500,000
Road Reconstruction.....	05/02/13	3,000,000	2,000,000	-	1,000,000
Waste Water Plant Upgrade.....	11/04/14	57,240,000	-	-	57,240,000
<b>Total.....</b>		<b>\$ 73,215,000</b>	<b>\$ 5,408,084</b>	<b>\$ 1,835,675</b>	<b>\$ 65,971,241</b>

**Authority to Incur Debt**

The Town of Farmington has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. The issuance of bonds and notes is authorized by the Town Meeting upon the recommendation of the Town Council. Appropriations or bond authorizations of \$400,000 or more are subject to approval at an adjourned Town Meeting referendum. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

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 for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

## SECTION V – FINANCIAL SECTION

### Taxable Grand List (\$ in thousands)

<b>Grand List As Of 10/1</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Real Property (%)</b>	<b>Other Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Exemptions, Veterans Relief and Disabled</b>	<b>Net Taxable Grand List</b>	<b>Percent Growth</b>
2014	62.6	23.5	0.3	7.2	6.4	\$ 3,594,688	\$ 61,407	\$ 3,533,281	0.9%
2013	63.2	23.6	0.3	6.5	6.4	3,540,369	40,175	3,500,194	0.7%
2012 <sup>1</sup>	63.0	24.0	0.3	6.6	6.3	3,530,896	54,721	3,476,175	-7.2%
2011	65.2	22.6	0.3	6.1	5.8	3,801,097	53,301	3,747,796	0.5%
2010	65.3	22.9	0.3	6.1	5.4	3,773,377	46,022	3,727,355	0.6%
2009	65.1	22.9	0.3	6.4	5.3	3,752,362	46,141	3,706,221	0.8%
2008	65.2	22.9	0.3	6.4	5.2	3,717,361	41,544	3,675,817	0.7%
2007 <sup>1</sup>	65.1	23.2	0.3	5.8	5.7	3,687,886	37,180	3,650,706	34.1%
2006	61.6	23.1	0.3	7.6	7.5	2,753,501	30,381	2,723,120	0.0%

<sup>1</sup> Revaluation.

Source: Town of Farmington, Assessor's Office.

### Major Taxpayers (\$ in thousands)

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List<sup>d</sup></b>
West Farms Associates	Retail-Mall	\$ 147,021,140	4.16%
Dunn-Sager Affiliates	Real Estate Development	52,065,860	1.47%
United Technologies	Manufacturing	45,955,654	1.30%
EverSource (formerly CL&P)	Utility	37,435,030	1.06%
Trumpf Inc.	Manufacturing	31,726,050	0.90%
Delfino, William & Thomas	Real Estate Development	23,168,980	0.66%
Columbia Property Hartford LLC	Mariott Hotel	22,705,380	0.64%
Price Reit Inc.	Retail-Shopping Center	20,196,840	0.57%
Brookdale Living Communities	Senior Living Complex	18,604,120	0.53%
NIC 13 Village Gate	Senior Living Complex	17,584,950	0.50%
<b>Total.....</b>		<b>\$ 416,464,004</b>	<b>11.79%</b>

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2014 of \$3,533,281,590.

Source: Town of Farmington, Assessor's Office.

### Tax Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2014
2015	2013	24.44	\$ 85,508,193		<i>In Collection</i>	
2014	2012	24.07	83,534,154	99.6%	0.4%	0.2%
2013	2011	21.90	81,748,919	99.6%	0.4%	0.1%
2012	2010	21.27	79,292,043	99.6%	0.4%	0.0%
2011	2009	20.46	75,889,033	99.6%	0.4%	0.0%
2010	2008	19.76	72,659,322	99.7%	0.3%	0.0%
2009	2007	19.47	70,893,322	99.7%	0.3%	0.0%
2008	2006	25.95	70,881,292	99.7%	0.3%	0.0%
2007	2005	25.24	68,340,829	99.7%	0.3%	0.0%

Source: Town of Farmington, Tax Collector

### Property Taxes Receivable

Fiscal Year Ended June 30	Current Year	Total
2014	\$ 301,787	\$ 553,357
2013	299,107	463,622
2012	334,067	419,200
2011	321,916	414,428
2010	199,788	322,415
2009	178,207	256,802

### Five-year Capital Improvement Program

	Adopted 2014-2015	PROJECTED 2015-2016	PROJECTED 2016-2017	PROJECTED 2017-2018	PROJECTED 2018-2019	Total
<b>Sources of Funds:</b>						
General Fund.....	\$ 2,944,765	\$ 3,458,000	\$ 3,880,000	\$ 3,880,000	\$ 3,880,000	\$ 18,042,765
Bonds.....	59,500,000	1,100,000	600,000	600,000	600,000	62,400,000
Other funds.....	1,400,000	1,100,000	725,000	1,575,000	575,000	5,375,000
<b>Total sources.....</b>	<b>63,844,765</b>	<b>5,658,000</b>	<b>5,205,000</b>	<b>6,055,000</b>	<b>5,055,000</b>	<b>85,817,765</b>
<b>Uses of Funds:</b>						
Board of Education.....	1,790,000	805,000	1,075,000	775,000	775,000	5,220,000
Engineering .....	1,000,000	700,000	1,000,000	1,238,000	1,200,000	5,138,000
Highway and Grounds .....	460,000	860,000	525,000	717,000	1,125,000	3,687,000
Fire Department .....	324,000	1,295,000	770,000	865,000	790,000	4,044,000
Planning Department .....	3,500,000	65,000	25,000	25,000	-	3,615,000
Police Department .....	125,000	223,000	285,000	225,000	160,000	1,018,000
Town Manager .....	780,765	875,000	635,000	460,000	305,000	3,055,765
Treatment Plant .....	55,800,000	725,000	725,000	1,075,000	575,000	58,900,000
Community and Recreation .....	40,000	50,000	90,000	575,000	25,000	780,000
Golf Course .....	25,000	60,000	75,000	100,000	100,000	360,000
<b>Total uses.....</b>	<b>\$ 63,844,765</b>	<b>\$ 5,658,000</b>	<b>\$ 5,205,000</b>	<b>\$ 6,055,000</b>	<b>\$ 5,055,000</b>	<b>\$ 85,817,765</b>



## Summary of Accounting Principles

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

### Comparative Balance Sheets – General Fund

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010
<b>Assets</b>					
Cash and cash equivalents	\$12,080,535	\$10,094,359	\$8,729,728	\$14,167,151	\$11,466,470
Property taxes receivable, net	461,223	374,375	338,504	334,651	260,350
Due from other governments	77,933	141,748	121,198	222,116	1,010,401
Accounts receivable	848,958	1,257,317	1,302,832	1,619,424	1,050,251
Due from other funds	1,150,468	3,795,826	3,793,328	1,731,488	856,208
Prepaid assets	0	0	16,040	0	0
<b>Total assets</b>	<b>\$14,619,117</b>	<b>\$15,663,625</b>	<b>\$14,301,630</b>	<b>\$18,074,830</b>	<b>\$14,643,680</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$1,300,559	\$961,245	\$1,143,890	\$945,524	\$676,018
Accrued liabilities	–	–	–	–	832,550
Due to other governments	–	–	–	–	–
Due to other funds	2,466,890	4,291,222	3,126,519	6,796,078	3,468,324
Deferred revenue	214,700	1,313,557	1,772,823	2,195,717	1,598,382
<b>Total liabilities</b>	<b>\$3,982,149</b>	<b>\$6,566,024</b>	<b>\$6,043,232</b>	<b>\$9,937,319</b>	<b>\$6,575,274</b>
Deferred Inflows of Resources	962,778	–	–	–	–
<b>Fund balance</b>					
Reserved					\$102,654
Unreserved					7,965,752
Unspendable	–	–	16,040	–	–
Assigned	122,297	179,726	178,623	748,869	
Unassigned	9,551,893	8,917,875	8,063,735	7,388,642	
<b>General Fund balance</b>	<b>9,674,190</b>	<b>9,097,601</b>	<b>8,258,398</b>	<b>8,137,511</b>	<b>8,068,406</b>
<b>Total liabilities and fund balance</b>	<b>\$10,636,968</b>	<b>\$15,663,625</b>	<b>\$14,301,630</b>	<b>\$18,074,830</b>	<b>\$14,643,680</b>
Operating revenues	\$99,968,583	\$97,224,880	\$93,721,633	\$88,739,427	\$85,685,005
<b>Fund balance as percent of</b>					
operating revenues	9.7	9.4	8.8	9.2	9.4
<b>Unreserved/unassigned fund</b>					
balance as percent of operating	9.6	9.2	8.6	8.3	9.3
revenues					

## General Fund Revenues and Expenditures

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2010 through 2014 have been derived from audited financial statements. The fiscal year 2014–15 budget has been provided by the Town. The financial information presented herein is the responsibility of the Town of Farmington’s management (Appendix A – “Audited Financial Statements” was taken from the Comprehensive Annual Financial Report of the Town of Farmington for the fiscal year ended June 30, 2014).

<b>Revenues:</b>	<b>Adopted Budget <sup>1</sup></b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Property Taxes .....	\$ 85,620,607	\$ 83,594,831	\$ 82,373,994	\$ 79,556,089	\$ 76,077,290	\$ 73,010,027
Intergovernmental <sup>2</sup> .....	6,314,425	13,512,775	12,152,086	11,990,375	10,574,352	10,452,519
Income on Investments.....	80,000	70,621	77,326	63,807	105,713	160,949
Other (including Charges for Services) .....	2,334,262	2,790,356	2,621,474	2,111,362	1,982,072	2,061,510
<b>Total Revenues</b> .....	<b>94,349,294</b>	<b>99,968,583</b>	<b>97,224,880</b>	<b>93,721,633</b>	<b>88,739,427</b>	<b>85,685,005</b>
<b>Expenditures:</b>						
General government .....	5,923,638	5,499,470	5,373,243	5,251,384	5,250,988	5,125,143
Public Safety .....	9,381,886	9,039,343	8,906,148	8,809,873	8,465,647	8,285,822
Public Works .....	4,021,796	4,151,439	3,927,011	3,811,767	3,819,074	3,732,214
Culture and Recreation.....	870,567	845,572	844,600	832,367	778,032	691,147
Human Services .....	-	-	-	-	-	20,764
Pension & Employee Benefits .....	5,976,986	5,637,982	5,726,404	5,392,810	5,081,050	4,859,597
Education .....	58,236,460	63,908,106	61,514,220	59,898,122	55,572,545	53,821,985
Debt Service .....	6,988,196	7,504,478	8,315,421	8,684,392	8,974,100	8,989,332
Capital Outlays .....	2,944,765	-	-	-	-	-
Contingencies .....	5,000	-	-	-	-	-
<b>Total Expenditures</b> .....	<b>94,349,294</b>	<b>96,586,390</b>	<b>94,607,047</b>	<b>92,680,715</b>	<b>87,941,436</b>	<b>85,526,004</b>
Revenues over (under) expenditures .....	-	3,382,193	2,617,833	1,040,918	797,991	159,001
<b>Other Financing Sources Uses:</b>						
Refunding Bonds Issued.....	-	-	3,505,000	4,840,000	8,350,000	16,385,000
Payment to Refunded Bond Escrow Agent.....	-	-	(3,608,307)	(5,274,607)	(8,845,486)	(17,080,746)
Premium on Bonds.....	-	-	124,677	524,576	746,600	843,326
Issuance of Capital Leases.....	-	-	-	-	-	-
Operating Transfers In .....	-	-	-	-	-	-
Operating Transfers (Out) .....	-	(2,805,604)	(1,800,000)	(1,010,000)	(980,000)	(705,375)
<b>Total other Financing Sources (uses) .....</b>	<b>-</b>	<b>(2,805,604)</b>	<b>(1,778,630)</b>	<b>(920,031)</b>	<b>(728,886)</b>	<b>(557,795)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b>						
	\$ -	\$ 576,589	\$ 839,203	\$ 120,887	\$ 69,105	\$ (398,794)

<sup>1</sup> Budgetary basis.

<sup>2</sup> Includes the State of Connecticut’s contributions to the teachers’ pension plan on behalf of the Town of Farmington of \$7,353,626, \$6,075,485, \$5,870,269, \$4,458,383, and \$4,151,796 for fiscal years 2013–14, 2012–13, 2011–12, 2010–11, and 2009-10, respectively.

## **Intergovernmental Revenues as a Percent of General Fund Revenues**

<i>Fiscal Year Ended June 30</i>	<i>Intergovernmental Revenues</i>	<i>General Fund Revenues</i>	<i>Percent</i>
2014	\$13,512,775	\$99,968,583	13.5%
2013	12,152,086	97,224,880	12.5%
2012	11,990,375	93,721,633	12.8%
2011	10,574,352	88,739,427	11.9%
2010	10,452,519	85,685,005	12.2%
2009	11,010,560	86,393,006	12.7%

### **Budget Adoption Procedure**

The budget-making process for the Town is outlined in Chapter 9 of the Town Charter.

Not later than 65 days before the Annual Town Meeting	All Department, Office, and Agency heads (including the Board of Education) submit budget estimates to the Town Manager showing expected expenditures and revenues (other than taxes).
Not later than 45 days before the Annual Town Meeting the Town Manager presents to the Town Council:	<ul style="list-style-type: none"> <li>a. estimates of revenue showing the last completed fiscal year, the first seven months of the current fiscal year and revenue estimates (other than taxes) anticipated in the ensuing fiscal year;</li> <li>b. expenditure estimates showing actual expenditures for the last completed fiscal year and the first seven months of the current year, expenditure requests for the ensuing year, and the Manager’s recommended amounts (except the Board of Education).</li> </ul>
No later than 14 days before the Annual Town Meeting	The Town Council holds a public hearing on its proposed budget and then prepares its recommended budget.
Between third and fourth Monday in April	The Council-recommended budget is presented to the Annual Town Meeting.
On the tenth day after the Annual Town Meeting	Referendum on Council-recommended budget with amendments, if any, made at Annual Town Meeting. Budget is effective unless rejected by a majority of those voting at referendum in which at least 15% of the registered voters vote.

### **Assessment Practices**

The Town of Farmington last revalued its real property to be effective on its October 1, 2012 Grand List, which has been implemented in fiscal year 2013–14. The next revaluation is scheduled for 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. Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Assessor must fully inspect each parcel of improved real property once in every ten assessment years, provided that the Assessor is not required to fully inspect all of a town's improved real property parcels in the same assessment year or to fully inspect any such parcel more than once during every ten assessment years. Section 12-62 provides that the full inspection requirement shall not apply to any parcel of improved real property for which the Assessor obtains satisfactory verification of data listed on the Assessor's property record by means of a questionnaire sent by the Assessor, at any time during the period in which a full inspection of an improved parcel of real property is required, to the owner of such parcel to (A) obtain information concerning the property's acquisition, and (B) obtain verification of the accuracy of data listed on the Assessor's property record for such parcel.

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List are the responsibilities of the Town’s Assessor’s office. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor’s list on assessments under appeal are warranted. Assessments for real property are computed at seventy percent (70%) of the estimated market value at the time of the latest general revaluation.

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 and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All personal property (commercial 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 eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. 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 to date.

### ***Annual Audit***

The Town of Farmington, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act 77-611 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations. For the fiscal year ended June 30, 2014, the Town's financial statements were audited by the accounting firm of Blum Shapiro.

### ***Tax Levy and Collection***

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments – July 1 and January 1. Real estate taxes of less than \$50, motor vehicle taxes, and personal property taxes are due in one installment in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) are due in one installment in January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

### ***Pension Plans***

The Town of Farmington is the administrator of a single-employer defined-benefit pension plan (the "Plan"). The Plan is administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education, who are covered under the State Teachers' Retirement System. Both the employer and employee are obligated to contribute to the funding of the Plan. The Plan 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.

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. The investment of Plan assets is overseen by an eleven-member retirement board, which is appointed by the Town Council. Benefit payments are determined through contractual agreements with the Town's various bargaining groups.

The Town budgets an annual contribution to the Plan based upon a recommendation made by the Plan's actuary when preparing the annual actuarial valuation. The annual required contribution for the year ended June 30, 2014, as determined as part of the July 1, 2012 actuarial valuation, was \$2,272,351 and the actual amount contributed was \$2,270,080, or 99.9%.

### **Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability ("AAL")</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
7/1/2008	65,598,547	71,510,628	5,912,081	91.7	18,748,405	31.5
7/1/2009	60,947,199	76,261,879	15,314,680	79.9	19,085,815	80.2
7/1/2010	63,390,361	80,461,338	17,070,977	78.8	19,627,086	87.0
7/1/2011	69,589,308	85,980,068	16,390,760	80.9	21,334,076	76.8
7/1/2012	68,084,231	86,942,969	18,858,738	78.3	20,652,300	91.3
7/1/2013	69,620,427	93,620,239	23,999,812	74.4	20,141,456	119.2

### **Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Pension Contribution</b>	<b>Amount Contributed</b>	<b>Percentage Contributed</b>
6/30/2011	\$ 2,013,158	\$ 1,950,000	96.9%
6/30/2012	1,970,501	2,055,490	104.3%
6/30/2013	2,114,096	2,109,000	99.8%
6/30/2014	2,272,351	2,270,080	99.9%
6/30/2015 <sup>1</sup>	2,751,795	2,751,795	100.0%

<sup>1</sup> Budget.

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. The Town is not required to, and does not, contribute to this plan.

See Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 4" herein.

### **Other Post-employment Benefits**

The Town offers post-employment health and life insurance benefits on a partial-pay basis to employees who retire from Town service. The Town funding and payment of post-employment benefits are accounted for in an Internal Service Fund on a pay-as-you-go basis. The Town is in the process of establishing a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. The Town is also developing a funding strategy to provide for normal cost and the amortization of the accrued liability. The Town anticipates that the strategy that is established will include a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability.

The Town's annual OPEB cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<b>Post-Retirement Medical Program</b>
ARC	\$3,132,286
Interest on net OPEB obligation	156,819
Adjustment to ARC	(150,288)
Annual OPEB cost	3,138,817
Contributions made	1,101,272
Increase in net OPEB obligation	2,037,545
Net OPEB obligation, beginning of year	3,920,480
Net OPEB obligation, end of year	\$5,958,025

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2012-14 is presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution (000s)</b>	<b>Percentage of AOC Contributed</b>
6/30/2012	\$2,181,129	\$1,118,293	51.3%
6/30/2013	2,291,036	1,261,121	55.0%
6/30/2014	3,138,817	1,101,272	35.1%
6/30/2015 <sup>1</sup>	3,303,639	1,056,474 <sup>2</sup>	32.0%

<sup>1</sup> Budget.

<sup>2</sup> Estimated to June 30, 2015.

### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability ("AAL")</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
6/30/2009	-	\$23,383,486	\$23,383,486	0.00%	N/A	N/A
6/30/2011	-	30,822,853	30,822,853	0.00%	N/A	N/A
7/1/2013	-	36,108,188	36,108,188	0.00%	N/A	N/A

### Schedule of Employer Contributions

<b>Fiscal Year Ended</b>	<b>Employer Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2012	\$ 1,118,293	\$ 2,166,027	51.6%
6/30/2013	1,261,121	2,268,808	55.6%
6/30/2014	1,101,272	3,132,286	35.2%
6/30/2015	1,056,474	3,303,639	32.0%

See Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 5" herein.

## **SECTION VI – ADDITIONAL INFORMATION**

### ***Litigation***

Following consultation with the Town Attorney, and other attorneys providing legal services to the Town, Town officials advise that the Town of Farmington, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

### ***Documents Furnished At Delivery***

The original purchaser will be furnished the following documents when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager and the Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Farmington has prepared an Official Statement for the Bonds which is dated April 7, 2015. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder fifty (50) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser.

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

### **Concluding Statement**

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

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

By /s/ *Kathleen A. Eagen*

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Kathleen A. Eagen  
Town Manager

By /s/ *Joseph Swetcky, Jr.*

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Joseph Swetcky, Jr.  
Director of Finance/Treasurer

Dated as of April 7, 2015



## ***Appendix A***

### ***2014 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report***

The following includes the General Purpose Financial Statements of the Town of Farmington, Connecticut for the fiscal year ended June 30, 2014. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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## Independent Auditors' Report

To the Members of Town Council  
Town of Farmington, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Connecticut's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Connecticut, as of June 30, 2014 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 on pages 4 through 12, the budgetary comparison information on pages 55 through 58 and the supplementary pension information on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the Town of Farmington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 17, 2014

**Town of Farmington, Connecticut  
Management's Discussion and Analysis  
June 30, 2014**

As management of the Town of Farmington, Connecticut, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Farmington for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

**Financial Highlights**

The assets of the Town of Farmington exceeded its liabilities at the close of the most recent fiscal year by \$101,610,067. Of this amount, \$12,335,767 may be used to meet the government's ongoing obligations to citizens and creditors.

The Town's total net position increased by \$3,346,695. Net position for the governmental activities increased \$3,154,431, while net position for business-type activities increased by \$192,264.

At the close of the current fiscal year, the Town of Farmington's governmental funds reported combined ending fund balances of \$13,623,593, a decrease of \$1,862,979 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,551,893, or 9.9% of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Farmington's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Farmington 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, education, public safety, public works and recreation. The business-type activities of the Town of Farmington include the Westwoods Golf Course and waste collection and disposal.

The government-wide financial statements can be found on Exhibits I and II of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Farmington, 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 Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Farmington maintains 19 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and the Capital Projects Fund, because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits III and IV of this report.

**Proprietary Funds.** The Town of Farmington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Farmington uses enterprise funds to account for the Westwoods Golf Course and for waste collection and disposal. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for employee health insurance. Because this service predominately benefits governmental rather than business-type functions, it has 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. The Westwoods Golf Course, Waste Collection Fund and employee health insurance are the only activities in the proprietary fund financial statements; therefore, they are considered major funds and information for them is shown separately.

The basic proprietary fund statements can be found in Exhibits V through VII of this report.

**Fiduciary Funds.** 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits VIII and IX of this report.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-54 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The Town of Farmington adopts an annual budget for its General Fund and Water Pollution Control Authority Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 55-61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the information on Major Governmental Funds. Combining fund statements and schedules can be found on pages 72-77.



## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$101,610,067 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Farmington's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, 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.

### NET POSITION June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 24,465,581	\$ 25,928,706	\$ 503,811	\$ 320,947	\$ 24,969,392	\$ 26,249,653
Capital assets	134,539,665	132,915,601	1,582,819	1,600,336	136,122,484	134,515,937
Noncurrent assets		544,445			-	544,445
Total assets	<u>159,005,246</u>	<u>159,388,752</u>	<u>2,086,630</u>	<u>1,921,283</u>	<u>161,091,876</u>	<u>161,310,035</u>
Deferred outflows of resources	<u>2,082,289</u>	<u>2,321,391</u>			<u>2,082,289</u>	<u>2,321,391</u>
Current liabilities	5,049,048	4,138,393	791,044	752,136	5,840,092	4,890,529
Noncurrent liabilities	55,163,440	59,734,769	210,711	274,742	55,374,151	60,009,511
Total liabilities	<u>60,212,488</u>	<u>63,873,162</u>	<u>1,001,755</u>	<u>1,026,878</u>	<u>61,214,243</u>	<u>64,900,040</u>
Deferred inflows of resources	<u>273,158</u>	<u>389,523</u>	<u>76,697</u>	<u>78,491</u>	<u>349,855</u>	<u>468,014</u>
Net investment in capital assets	87,902,192	82,048,851	1,372,108	1,325,594	89,274,300	83,374,445
Unrestricted	<u>12,699,697</u>	<u>15,398,607</u>	<u>(363,930)</u>	<u>(509,680)</u>	<u>12,335,767</u>	<u>14,888,927</u>
Total Net Position	<u>\$ 100,601,889</u>	<u>\$ 97,447,458</u>	<u>\$ 1,008,178</u>	<u>\$ 815,914</u>	<u>\$ 101,610,067</u>	<u>\$ 98,263,372</u>

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

During the fiscal year, the government's total net position increased by \$3,346,695. The increase is primarily attributable to investments in capital assets.

**CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 11,688,951	\$ 10,688,035	\$ 2,261,629	\$ 2,238,626	\$ 13,950,580	\$ 12,926,661
Operating grants and contributions	13,887,649	12,224,690			13,887,649	12,224,690
Capital grants and contributions	1,635,327	806,419			1,635,327	806,419
General revenues:						
Property taxes	83,659,303	82,425,145			83,659,303	82,425,145
Grants and contributions not restricted to specific programs	3,722,109	3,824,257			3,722,109	3,824,257
Investment income	272,091	232,993	946	1,741	273,037	234,734
Capital contributions			45,445		45,445	
Miscellaneous	103,712	126,738	40,360	8,983	144,072	135,721
Total revenues	<u>114,969,142</u>	<u>110,328,277</u>	<u>2,348,380</u>	<u>2,249,350</u>	<u>117,317,522</u>	<u>112,577,627</u>
Expenses:						
Education	73,274,762	70,418,332			73,274,762	70,418,332
Public safety	13,319,434	11,862,365			13,319,434	11,862,365
Public works	8,044,343	7,384,025			8,044,343	7,384,025
Culture and recreation	2,018,087	1,783,833			2,018,087	1,783,833
General administration	9,415,184	7,888,970			9,415,184	7,888,970
Plant operations	3,835,971	3,935,919			3,835,971	3,935,919
Debt service	1,906,930	1,747,126			1,906,930	1,747,126
Waste Collection			1,512,107	1,555,485	1,512,107	1,555,485
Golf Course			644,009	664,729	644,009	664,729
Total expenses	<u>111,814,711</u>	<u>105,020,570</u>	<u>2,156,116</u>	<u>2,220,214</u>	<u>113,970,827</u>	<u>107,240,784</u>
Change in net position	3,154,431	5,307,707	192,264	29,136	3,346,695	5,336,843
Net Position - July 1	<u>97,447,458</u>	<u>92,139,751</u>	<u>815,914</u>	<u>786,778</u>	<u>98,263,372</u>	<u>92,926,529</u>
Net Position - June 30	<u>\$ 100,601,889</u>	<u>\$ 97,447,458</u>	<u>\$ 1,008,178</u>	<u>\$ 815,914</u>	<u>\$ 101,610,067</u>	<u>\$ 98,263,372</u>

## **Governmental Activities**

Governmental activities increased the Town of Farmington's net position by \$3,154,431 thereby accounting for the majority of the growth in the net position of the Town. Key elements of this increase are:

72.8% of all revenues were derived from property taxes, followed by 12.1% from operating grants and contributions.

Charges for Services revenue increased by 9.4% due to building permit revenue and sewer use charge increases.

Grants from all sources and for all purposes made up 16.7% of all revenue. This was an increase of 1.4% from the previous year.

Investment income increased by 16.8% due to favorable equity investment performance in certain special revenue funds.

In total, expenses increased 6.5% over the prior year. All expense categories except for Plant Operations (-2.5%) experienced spending increases. Expense categories experiencing the largest increases were: General Administration (+19.4%); Culture and Recreation (+13.1%); Public Safety (+12.3%); Debt Service (+9.2%).

## **Financial Analysis of the Fund Financial Statements**

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

### **Governmental Funds**

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund's total fund balance was \$9,674,190. Of this amount, \$122,297 is assigned for encumbrances, and the remaining balance of \$9,551,893 is unassigned.

The Town's General Fund fund balance increased by \$576,589 by the end of the fiscal year. The assigned fund balance decreased by \$57,429, and the unassigned fund balance increased by \$634,018.

The Capital Projects Fund had a fund balance of \$988,360 at the end of the fiscal year, a decrease of \$2,908,541. The decrease was the result of substantial capital outlays that were made during the year which will be funded by future debt issuance or reimbursed by capital grants from other governments.

## **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town has three proprietary funds, the Westwoods Golf Course, the Waste Collection Fund and an internal service fund used for employee health insurance.

Total Net Position of the Westwoods Golf Course at June 30, 2014 was \$491,861, a decrease of \$4,598. The Total Net Position was helped by a capital contribution of \$45,445 from the General Fund. The Unrestricted net position of the Westwoods Golf Course Fund at the end of the year amounted to (\$776,084), a decrease of \$32,704. This is the ninth year out of the last ten that the operations at the golf course resulted in a decrease in Unrestricted net position.

The Waste Collection Fund was established in order to separately account for the costs of collecting and disposing of solid and bulky waste and recyclables and for the operation of the town landfill. At fiscal year end Unrestricted Net position equaled \$412,154, an increase of \$178,454. This was primarily a result of charges for services and other revenue exceeding operating expenses.

## **General Fund Budgetary Highlights**

For the fiscal year ended June 30, 2014, actual revenues and operating transfers in totaled \$92,614,957 while actual expenditures and operating transfers out totaled \$92,017,760. The excess of revenues and operating transfers in over expenditures and operating transfers out resulted in an increase of \$758,197 to budgetary fund equity. A detailed schedule of revenues and expenditures, budget and actual, can be found on pages 55-58 of this report.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2014 amounted to \$134,539,665 and \$1,582,819 respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

**CAPITAL ASSETS (Net of Depreciation)  
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 32,663,447	\$ 31,437,253	\$ 1,185,750	\$ 1,185,750	\$ 33,849,197	\$ 32,623,003
Improvements	5,225,517	4,252,862			5,225,517	4,252,862
Buildings	54,292,494	52,469,465			54,292,494	52,469,465
Machinery and equipment	3,884,160	3,470,540	397,069	414,586	4,281,229	3,885,126
Infrastructure	34,479,946	34,949,285			34,479,946	34,949,285
Construction in Progress	3,994,101	6,336,196			3,994,101	6,336,196
Total	<u>\$ 134,539,665</u>	<u>\$ 132,915,601</u>	<u>\$ 1,582,819</u>	<u>\$ 1,600,336</u>	<u>\$ 136,122,484</u>	<u>\$ 134,515,937</u>

Additional information on the Town's capital asset activity can be found in Note 3C.

**Long-Term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$40,565,000. All of the debt is backed by the full faith and credit of the Town.

**OUTSTANDING DEBT  
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 40,565,000	\$ 45,835,000	\$	\$	\$ 40,565,000	\$ 45,835,000
Loans payable		916,443			-	916,443
Total	<u>\$ 40,565,000</u>	<u>\$ 46,751,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,565,000</u>	<u>\$ 46,751,443</u>

The Town's total debt had a net decrease of \$6,186,443 during the current fiscal year. The decrease was a result of the Town paying its scheduled debt service. The Town did not issue any new debt during the year.

The Town's credit rating for all of its general obligation debt is AAA by Moody's Investor Services. This rating was reaffirmed by Moody's Investor Services in February 2013.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$586,159,308, which is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 3E.

## **Economic Factors and Next Year's Budgets and Rates**

The Town's unemployment rate was 4.9% as of June 2014, a significant decrease of 1.4% from June 2013. The June 2013 rate remains significantly lower than the Hartford Labor Market Area and the State of Connecticut rates of 6.5%.

As of June 30, 2014, the unassigned fund balance in the General Fund was \$9,551,893 which was 9.9% of General Fund expenditures. The Town did not appropriate any of the fund balance for the 2014-2015 fiscal year budget.

The Town Council adopted a budget for FY2014/2015 that was 2.3% higher than the previous year's budget. This budget required a tax rate of 24.44 mills, which is .37 mills more than the prior year. The budget was approved by the voters at referendum on the first attempt.

## **Requests for Information**

This financial report is designed to provide a general overview for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Farmington, One Monteith Drive, Farmington, CT 06032.

**BASIC  
FINANCIAL  
STATEMENTS**

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,772,969	\$ 490,510	\$ 20,263,479
Investments	1,102,655		1,102,655
Receivables, net of allowance:			
Property taxes	461,223		461,223
Other	1,650,997	13,301	1,664,298
Assessments	318,814		318,814
Due from other governments	265,552		265,552
Inventory	23,760		23,760
Prepays	8,032		8,032
Due from fiduciary fund	190,446		190,446
Internal balances	671,133	(671,133)	-
Noncurrent assets:			
Capital assets, nondepreciable	36,657,548	1,185,750	37,843,298
Capital assets, net of accumulated depreciation	97,882,117	397,069	98,279,186
Total assets	<u>159,005,246</u>	<u>1,415,497</u>	<u>160,420,743</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	<u>2,082,289</u>		<u>2,082,289</u>
Liabilities:			
Accounts payable and accrued liabilities	3,830,547	119,911	3,950,458
Accrued interest	442,092		442,092
Unearned revenue	776,409		776,409
Noncurrent liabilities:			
Due within one year	5,755,700	88,134	5,843,834
Due in more than one year	49,407,740	122,577	49,530,317
Total liabilities	<u>60,212,488</u>	<u>330,622</u>	<u>60,543,110</u>
Deferred Inflows of Resources:			
Advance tax collections	273,158		273,158
Advance fee collections		76,697	76,697
Total deferred inflows of resources	<u>273,158</u>	<u>76,697</u>	<u>349,855</u>
Net Position:			
Net investment in capital assets	87,902,192	1,372,108	89,274,300
Unrestricted	<u>12,699,697</u>	<u>(363,930)</u>	<u>12,335,767</u>
Total Net Position	<u>\$ 100,601,889</u>	<u>\$ 1,008,178</u>	<u>\$ 101,610,067</u>

The accompanying notes are an integral part of the financial statements



TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

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Function/Program Activities	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
Education	\$ 73,274,762	\$ 3,328,115	\$ 12,844,155	\$ 179,531	\$ (56,922,961)	\$ (56,922,961)
Public safety	13,319,434	1,849,660	160,493	47,095	(11,262,186)	(11,262,186)
Public works	8,044,343	4,463,189	490,022	693,957	(2,397,175)	(2,397,175)
Culture and recreation	2,018,087	587,071	67,356	17,275	(1,346,385)	(1,346,385)
General administration	9,415,184	1,460,916	161,877	697,469	(7,094,922)	(7,094,922)
Plant operations	3,835,971				(3,835,971)	(3,835,971)
Interest expense	1,906,930		163,746		(1,743,184)	(1,743,184)
Total governmental activities	<u>111,814,711</u>	<u>11,688,951</u>	<u>13,887,649</u>	<u>1,635,327</u>	<u>(84,602,784)</u>	<u>(84,602,784)</u>
Business-type activities:						
Westwoods Fund	644,009	581,058			(62,951)	(62,951)
Waste Collection Fund	<u>1,512,107</u>	<u>1,680,571</u>			<u>168,464</u>	<u>168,464</u>
Total business type activities	<u>2,156,116</u>	<u>2,261,629</u>	<u>-</u>	<u>-</u>	<u>105,513</u>	<u>105,513</u>
Total	<u>\$ 113,970,827</u>	<u>\$ 13,950,580</u>	<u>\$ 13,887,649</u>	<u>\$ 1,635,327</u>	<u>(84,602,784)</u>	<u>(84,497,271)</u>
General revenues:						
Property taxes				83,659,303		83,659,303
Grants and contributions not restricted to specific programs				3,722,109		3,722,109
Unrestricted investment earnings				272,091	946	273,037
Capital contribution					45,445	45,445
Miscellaneous				<u>103,712</u>	<u>40,360</u>	<u>144,072</u>
Total general revenues				<u>87,757,215</u>	<u>86,751</u>	<u>87,843,966</u>
Change in net position				3,154,431	192,264	3,346,695
Net Position at Beginning of Year				<u>97,447,458</u>	<u>815,914</u>	<u>98,263,372</u>
Net Position at End of Year				<u>\$ 100,601,889</u>	<u>\$ 1,008,178</u>	<u>\$ 101,610,067</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<b>General</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,080,535	\$ 455,671	\$ 1,603,040	\$ 14,139,246
Investments			1,102,655	1,102,655
Receivables:				
Property taxes receivable, net	461,223			461,223
Due from other governments	77,933	17,275	170,344	265,552
Sewer assessments	279,580		39,234	318,814
Other receivables	569,378		730,790	1,300,168
Due from other funds	1,150,468	1,790,060	627,041	3,567,569
Prepaid assets			8,032	8,032
Inventories			23,760	23,760
<b>Total Assets</b>	<b>\$ 14,619,117</b>	<b>\$ 2,263,006</b>	<b>\$ 4,304,896</b>	<b>\$ 21,187,019</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,300,559	\$ 1,274,646	\$ 249,655	\$ 2,824,860
Due to other funds	2,466,890		202,118	2,669,008
Unearned revenue	214,700		561,709	776,409
Total liabilities	<u>3,982,149</u>	<u>1,274,646</u>	<u>1,013,482</u>	<u>6,270,277</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	410,040			410,040
Unavailable revenue - sewer use			17,539	17,539
Unavailable revenue - sewer assessment	279,580		39,234	318,814
Unavailable revenue - loans receivable			273,598	273,598
Advance property tax collections	273,158			273,158
Total deferred inflows of resources	<u>962,778</u>	<u>-</u>	<u>330,371</u>	<u>1,293,149</u>
Fund balances:				
Nonspendable			31,792	31,792
Restricted		988,360	1,503,434	2,491,794
Committed			1,490,088	1,490,088
Assigned	122,297			122,297
Unassigned	9,551,893		(64,271)	9,487,622
Total fund balances	<u>9,674,190</u>	<u>988,360</u>	<u>2,961,043</u>	<u>13,623,593</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,619,117</b>	<b>\$ 2,263,006</b>	<b>\$ 4,304,896</b>	<b>\$ 21,187,019</b>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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)	\$ 13,623,593
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 256,119,079	
Less accumulated depreciation	(121,579,414)	
Net capital assets	<u>134,539,665</u>	134,539,665

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

Property taxes receivable greater than 60 days	410,040
Sewer usage fees	17,539
Loans receivable	273,598
Interest receivable on property taxes	29,254
Assessments receivable	318,814
Receivable from the State for school construction projects	321,575

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.	4,591,054
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(40,565,000)
Deferred charges on refunding	2,082,289
Premium on bond refunding	(2,387,027)
Interest payable on bonds	(442,092)
Other postemployment benefit obligation	(5,958,025)
Capital lease payable	(3,685,446)
Net pension obligation	(324,831)
Compensated absences	<u>(2,243,111)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 100,601,889</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 83,594,831	\$	\$	\$ 83,594,831
Intergovernmental revenues	13,512,775	70,278	3,122,405	16,705,458
Charges for current services	1,268,663		8,264,370	9,533,033
Sewer assessments			51,537	51,537
Licenses and permits	1,258,724		2,200	1,260,924
Fines and penalties	37,273			37,273
Net investment income	70,621	14	195,603	266,238
Other local revenues	225,696	782,213	1,987,605	2,995,514
Total revenues	<u>99,968,583</u>	<u>852,505</u>	<u>13,623,720</u>	<u>114,444,808</u>
Expenditures:				
Current:				
Education	63,908,106		7,411,216	71,319,322
Public safety	9,039,343		600	9,039,943
Public works	4,151,439			4,151,439
Culture and recreation	845,572		624,897	1,470,469
Plant operations			2,683,662	2,683,662
General government	5,499,470			5,499,470
Pension and other employee benefits	5,637,982			5,637,982
Other			891,649	891,649
Debt service	7,504,478		208,707	7,713,185
Capital outlay		7,822,809	77,857	7,900,666
Total expenditures	<u>96,586,390</u>	<u>7,822,809</u>	<u>11,898,588</u>	<u>116,307,787</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,382,193</u>	<u>(6,970,304)</u>	<u>1,725,132</u>	<u>(1,862,979)</u>
Other Financing Sources (Uses):				
Transfers in from other funds		4,061,763		4,061,763
Transfers out to other funds	(2,805,604)		(1,256,159)	(4,061,763)
Total other financing sources (uses)	<u>(2,805,604)</u>	<u>4,061,763</u>	<u>(1,256,159)</u>	<u>-</u>
Net Change in Fund Balances	576,589	(2,908,541)	468,973	(1,862,979)
Fund Balances at Beginning of Year	<u>9,097,601</u>	<u>3,896,901</u>	<u>2,492,070</u>	<u>15,486,572</u>
Fund Balances at End of Year	<u>\$ 9,674,190</u>	<u>\$ 988,360</u>	<u>\$ 2,961,043</u>	<u>\$ 13,623,593</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (1,862,979)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost  
of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,867,925
Depreciation expense	(5,827,521)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	583,660
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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.

Property taxes collected after 60 days	93,319
Sewer usage revenue	(30,984)
Accrued interest on property taxes	(28,847)
Assessment revenue	(107,773)
Intergovernmental revenue on school bonds	(163,746)
Housing loans	172,853

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

Premium and amortization, and other net	(272,053)
Deferred charges on refunding	(239,102)
Accrued interest	39,134
Principal payments on bonds, notes and leases	6,278,276

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

Change in long-term compensated absences	60,477
Change in net pension obligation	(2,271)
Change in net other post employment benefit obligation	(2,037,545)

The net income of the internal service funds is reported with governmental activities.	<u>(368,392)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,154,431</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 31,877	\$ 458,633	\$ 490,510	\$ 5,633,723
Accounts receivable	3,904	9,397	13,301	
Due from other funds		49,789	49,789	
Total current assets	<u>35,781</u>	<u>517,819</u>	<u>553,600</u>	<u>5,633,723</u>
Noncurrent assets:				
Capital assets, nondepreciable	1,185,750		1,185,750	
Capital assets, net of accumulated depreciation	<u>147,069</u>	<u>250,000</u>	<u>397,069</u>	
Total assets	<u>1,368,600</u>	<u>767,819</u>	<u>2,136,419</u>	<u>5,633,723</u>
Liabilities:				
Current liabilities:				
Accounts payable	25,683	94,228	119,911	64,363
Claims payable			-	941,324
Capital lease	16,762	71,372	88,134	
Due to other funds	<u>720,922</u>	<u></u>	<u>720,922</u>	<u>36,982</u>
Total current liabilities	<u>763,367</u>	<u>165,600</u>	<u>928,967</u>	<u>1,042,669</u>
Noncurrent liabilities:				
Capital lease, net of current portion	<u>48,112</u>	<u>74,465</u>	<u>122,577</u>	
Total liabilities	<u>811,479</u>	<u>240,065</u>	<u>1,051,544</u>	<u>1,042,669</u>
Deferred Inflows of Resources:				
Advance fee collections	<u>65,260</u>	<u>11,437</u>	<u>76,697</u>	
Net Position:				
Net investment in capital assets	1,267,945	104,163	1,372,108	
Unrestricted	<u>(776,084)</u>	<u>412,154</u>	<u>(363,930)</u>	<u>4,591,054</u>
Total Net Position	<u>\$ 491,861</u>	<u>\$ 516,317</u>	<u>\$ 1,008,178</u>	<u>\$ 4,591,054</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 581,058	\$ 1,680,571	\$ 2,261,629	\$
Other	12,691	27,669	40,360	44,784
Contributions			-	10,135,687
Total operating revenues	<u>593,749</u>	<u>1,708,240</u>	<u>2,301,989</u>	<u>10,180,471</u>
Operating Expenses:				
Claims			-	10,554,716
Operations	609,984	1,462,107	2,072,091	
Depreciation expense	34,025	50,000	84,025	
Total operating expenses	<u>644,009</u>	<u>1,512,107</u>	<u>2,156,116</u>	<u>10,554,716</u>
Operating Income (Loss)	(50,260)	196,133	145,873	(374,245)
Nonoperating Revenues:				
Interest	<u>217</u>	<u>729</u>	<u>946</u>	<u>5,853</u>
Income (Loss) Before Capital Contributions	(50,043)	196,862	146,819	(368,392)
Capital Contributions	<u>45,445</u>		<u>45,445</u>	
Change in Net Position	(4,598)	196,862	192,264	(368,392)
Net Position, Beginning of Year	<u>496,459</u>	<u>319,455</u>	<u>815,914</u>	<u>4,959,446</u>
Net Position, End of Year	<u>\$ 491,861</u>	<u>\$ 516,317</u>	<u>\$ 1,008,178</u>	<u>\$ 4,591,054</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 597,933	\$ 1,726,819	\$ 2,324,752	\$ 10,180,471
Payments to suppliers	(610,323)	(1,475,911)	(2,086,234)	(10,532,919)
Payments for interfund services	28,568		28,568	393,863
Net cash provided by operating activities	<u>16,178</u>	<u>250,908</u>	<u>267,086</u>	<u>41,415</u>
Cash Flows from Capital and Related Financing Activities:				
Payment on capital lease	(16,686)	(68,408)	(85,094)	
Net cash used in capital and related financing activities	<u>(16,686)</u>	<u>(68,408)</u>	<u>(85,094)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>217</u>	<u>729</u>	<u>946</u>	<u>5,853</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(291)	183,229	182,938	47,268
Cash and Cash Equivalents at Beginning of Year	<u>32,168</u>	<u>275,404</u>	<u>307,572</u>	<u>5,586,455</u>
Cash and Cash Equivalents at End of Year	<u>\$ 31,877</u>	<u>\$ 458,633</u>	<u>\$ 490,510</u>	<u>\$ 5,633,723</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (50,260)	\$ 196,133	\$ 145,873	\$ (374,245)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	34,025	50,000	84,025	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,233	(1,159)	74	
(Increase) decrease in loans from other funds			-	393,863
Increase (decrease) in loans to other funds	28,568	32,721	61,289	
Increase (decrease) in deferred inflows	2,951	(12,983)	(10,032)	
Increase (decrease) in accounts payable	(339)	(13,804)	(14,143)	23,465
Increase (decrease) in claims payable				(1,668)
Total adjustments	<u>66,438</u>	<u>54,775</u>	<u>121,213</u>	<u>415,660</u>
Net Cash Provided by Operating Activities	<u>\$ 16,178</u>	<u>\$ 250,908</u>	<u>\$ 267,086</u>	<u>\$ 41,415</u>

The accompanying notes are an integral part of the financial statements



**TOWN OF FARMINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents		\$ <u>1,261,752</u>
Investments:		
Fixed income	\$ 28,429,106	279,980
Domestic equities	32,066,844	
International equities	15,570,535	
Real estate investment trust	4,099,277	
Total investments	<u>80,165,762</u>	<u>279,980</u>
Accounts receivable	<u>106,899</u>	
Total assets	<u>80,272,661</u>	<u>\$ 1,541,732</u>
Liabilities:		
Fiduciary deposits		\$ 1,541,732
Accounts payable	14,679	
Due to general fund	<u>190,446</u>	
Total liabilities	<u>205,125</u>	<u>\$ 1,541,732</u>
Net Position:		
Held in Trust for Pension Benefits	<u>\$ 80,067,536</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## PENSION TRUST FUND

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

## FOR THE YEAR ENDED JUNE 30, 2014

Additions:		
Contributions:		
Employer	\$	2,270,080
Plan members		1,365,672
Other		34,041
Total contributions		<u>3,669,793</u>
Investment income:		
Net appreciation in fair value of investments		8,756,927
Interest		101
Dividends		1,238,041
Operating income		43
Net investment income		<u>9,995,112</u>
Total additions		<u>13,664,905</u>
Deductions:		
Benefits		5,106,731
Administrative expense		99,291
Total deductions		<u>5,206,022</u>
Change in Net Position		8,458,883
Net Position, Beginning of Year		<u>71,608,653</u>
Net Position, End of Year	\$	<u><u>80,067,536</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF FARMINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Town of Farmington, Connecticut (the Town) was settled in 1640 and incorporated in 1645. Its current charter was adopted in 1947 and amended as of 2003. The Town operates under a Council-Manager form of government. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

The Farmington Housing Authority (the Authority) has been determined to be a related organization of the Town of Farmington, Connecticut, as the governing body of the Authority is appointed by the Town. The Farmington Housing Authority is not included in this report, as the Town is not obligated to finance any deficit that the Authority may incur, nor does the Town significantly subsidize the Authority; the Town obtains no financial benefit, nor can it impose its will upon the Authority.

#### B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, 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. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirement of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. 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 by the Town.

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.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

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

The *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, current tax revenues and low-interest state loans.

The Town reports the following major proprietary funds:

The *Westwoods Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of the Westwoods Golf Course, which is owned by the Town and is primarily supported through charges to customers.

The *Waste Collection Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of Waste Collection and Recycling and Landfill operations within the Town and is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the Town's self-insurance program, which provides health insurance coverage for Town and Board of Education employees.

The *Pension Trust Fund* is used to account for the activities of the Town's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for the various student activities and clubs and contractors deposits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **C. Cash Equivalents**

For purposes of reporting cash flows, all savings, checking and money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

#### **D. Investments**

Investments are stated at fair value.

#### **E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. 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.

#### **F. Receivables and Payables**

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

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax receivables are shown net of an allowance for uncollectibles.

**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 \$25,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Irrigation system	15
Buildings	25-40
Sewage treatment plant	25
Pump station and drainage	30
Vehicles	5-15
Construction equipment	10
School equipment	10-12
Public safety equipment	5-10
Office equipment	10
Roads	40
Bridges	50

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**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 a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 advance fee collections in the government-wide statement of net position and in the governmental funds balance sheet and proprietary funds statement of net position. Advance property tax collections and advance fee collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, sewer use, sewer assessment, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**I. Net Pension Obligation/Net Other Postemployment Benefit (OPEB) Obligation**

The net pension obligation/net OPEB obligation represents the cumulative difference between the annual pension/OPEB cost and the Town's contributions to the plans. The amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

**J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.



## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **K. Compensated Absences**

Under the terms of various union contracts, Town and Board of Education employees are granted vacation in varying amounts based on length of service. Town and noncertified Board of Education employees may carry over five unused vacation days to subsequent years. Police may carry over vacation days equal to the number of days the employee was entitled to for the present year. In the event of termination of employment, employees are reimbursed for accumulated vacation.

Town employees covered by the AFSCME union agreement accumulate 1¼ sick days per month up to a maximum of 150 working days. Employees receive 35% of accumulated sick leave upon retirement or 25% upon termination of employment after at least five years of service in good standing.

Firefighters covered by the union agreement receive 35% of accumulated sick leave upon retirement. They receive no accumulated sick leave upon resignation or termination.

Other employees including Police employees are not compensated for accumulated sick leave upon retirement or termination of employment. Sick leave is expensed when incurred.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **L. 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 on net position 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. The Town currently has no restricted net position.

**Unrestricted Net Position** - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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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 (Town Council) through the passage of a resolution.

Assigned Fund Balance - This represents amounts constrained for the intent to be used for a specific purpose by the Town Council or Finance Director 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.

**M. Property Taxes**

The Town’s property tax is levied each July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in July, the legal right to attach property does not exist until August 1. Taxes are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial

# TOWN OF FARMINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

### **N. 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.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Town uses the following procedures in establishing the budgetary data included in the financial statements. No later than 45 days before the annual town meeting, the Town Manager submits a proposed budget for the General Fund to the Town Council. On the third Monday in April, the budget is presented to the annual town meeting; 10 days thereafter, the budget is voted on at a Town-wide referendum. Town management may transfer amounts between line items within a department, but only the Town Council is authorized to transfer the legally budgeted amounts between departmental accounts. In this function, departmental budget accounts serve as the level of management control. Formal legally adopted annual budgets are employed as a management control device in the General Fund (including capital expenditures) and the Water Pollution Control Authority (WPCA) special revenue funds. The legal level of budgetary control is at the fund level for the WPCA.

All unencumbered appropriations lapse at year-end, except for those for capital expenditures. Appropriations for these expenditures are continued until completion of applicable projects, which often last more than one fiscal year.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as either restricted, committed or assigned fund balance, depending on the level of restriction.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently than reporting in conformity with GAAP. A reconciliation of these differences at June 30, 2014 can be found at RSI-1 and RSI-2.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**B. Fund Balance Deficits**

The Special Projects Education Fund has a deficit balance of \$64,271 and will be funded by future grant receipts and donations.

**3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits 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 the Statutes 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 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.

TOWN OF FARMINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**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*, \$14,019,963 of the Town's bank balance of \$17,073,027 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,498,907
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,521,056</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>14,019,963</u>

**Cash Equivalents**

At June 30, 2014, the Town's cash equivalents amounted to \$6,076,031. 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 &amp; Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	
Cutwater Asset Management		AAAm

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Investments**

As of June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>	
			<u>Less Than 1</u>	<u>1 -10</u>
Interest-bearing investments:				
U.S. Treasury bonds	N/A	\$ 915,287	\$ 915,287	\$
Certificates of deposit	N/A	279,980		279,980
U.S. Treasury notes	N/A	<u>187,368</u>		<u>187,368</u>
		1,382,635	<u>\$ 915,287</u>	<u>\$ 467,348</u>
Other investments:				
Mutual funds		76,069,952		
Real estate investment trust		<u>4,099,277</u>		
Total Investments		<u>\$ 81,551,864</u>		

N/A - Not applicable

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

*Credit Risk - 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. No more than 5% of the Town's investments were invested in any one issuer.

*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, 2014, 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.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**B. Receivables**

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

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Westwoods Fund</u>	<u>Waste Collection Fund</u>	<u>Nonmajor Governmental Funds and Other</u>	<u>Total</u>
Receivables:						
Taxes	\$ 553,357	\$	\$	\$	\$	\$ 553,357
Less allowance for uncollectibles	<u>(92,134)</u>					<u>(92,134)</u>
Taxes, net	461,223					461,223
Other governments	77,933	17,275			170,344	265,552
Assessments	279,580				39,234	318,814
Other	<u>569,378</u>		<u>3,904</u>	<u>9,397</u>	<u>837,689</u>	<u>1,420,368</u>
Net Total Receivables	<u>\$ 1,388,114</u>	<u>17,275</u>	<u>\$ 3,904</u>	<u>\$ 9,397</u>	<u>\$ 1,047,267</u>	<u>\$ 2,465,957</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2014 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	\$ 31,437,253	\$ 1,226,194	\$	\$ 32,663,447
Construction in progress	6,336,196	4,038,762	6,380,857	3,994,101
Total capital assets not being depreciated	<u>37,773,449</u>	<u>5,264,956</u>	<u>6,380,857</u>	<u>36,657,548</u>
Capital assets being depreciated:				
Buildings	102,503,170	4,817,633		107,320,803
Improvements	6,574,376	1,267,042		7,841,418
Machinery and equipment	13,688,961	1,066,677	47,771	14,707,867
Infrastructure	<u>88,175,309</u>	<u>1,416,134</u>		<u>89,591,443</u>
Total capital assets being depreciated	<u>210,941,816</u>	<u>8,567,486</u>	<u>47,771</u>	<u>219,461,531</u>
Less accumulated depreciation for:				
Buildings	50,033,705	2,994,604		53,028,309
Improvements	2,321,514	294,387		2,615,901
Machinery and equipment	10,218,421	653,057	47,771	10,823,707
Infrastructure	<u>53,226,024</u>	<u>1,885,473</u>		<u>55,111,497</u>
Total accumulated depreciation	<u>115,799,664</u>	<u>5,827,521</u>	<u>47,771</u>	<u>121,579,414</u>
Net capital assets being depreciated	<u>95,142,152</u>	<u>2,739,965</u>	<u>-</u>	<u>97,882,117</u>
Governmental Activities Capital Assets, Net	<u>\$ 132,915,601</u>	<u>\$ 8,004,921</u>	<u>\$ 6,380,857</u>	<u>\$ 134,539,665</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Business-type activities:

Capital assets not being depreciated:

Land	\$ <u>1,185,750</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>1,185,750</u>
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Capital assets being depreciated:

Improvements	253,829			253,829
Machinery and equipment	<u>624,330</u>	<u>66,507</u>	<u>          </u>	<u>690,837</u>
Total capital assets being depreciated	<u>878,159</u>	<u>66,507</u>	<u>          </u>	<u>944,666</u>

Less accumulated depreciation for:

Improvements	253,829			253,829
Machinery and equipment	<u>209,744</u>	<u>84,024</u>	<u>          </u>	<u>293,768</u>
Total accumulated depreciation	<u>463,573</u>	<u>84,024</u>	<u>          </u>	<u>547,597</u>

Net capital assets being depreciated

	<u>414,586</u>	<u>(17,517)</u>	<u>          </u>	<u>397,069</u>
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Business-Type Activities Capital Assets, Net

	<u>\$ 1,600,336</u>	<u>\$ (17,517)</u>	<u>\$ -</u>	<u>\$ 1,582,819</u>
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:

General government	\$ 389,592
Education	1,639,648
Public safety	622,154
Public works including depreciation of infrastructure	2,028,994
Treatment plant	1,032,926
Parks and recreation	<u>114,207</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 5,827,521</u>
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Business-type activities:

Westwoods Golf	\$ 34,024
Waste Collection	<u>50,000</u>

Total Depreciation Expense - Business-type Activities	<u>\$ 84,024</u>
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**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Construction Commitments**

The Town has active construction projects as of June 30, 2014. The projects include widening and reconstruction of existing streets and bridges, the construction of pump stations, and bike/walking trails. At year end, the government's commitments with contractors are as follows:

	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Roads and Bridges	\$ 1,601,726	\$ 1,398,274
School Buildings	332,196	1,767,804
Town Buildings	244,163	520,837
Waste Water Treatment	1,904,831	1,791,485
Land Improvements	5,893	1,179,107
	\$ 4,088,809	\$ 6,657,507

The commitments are being financed with general obligation bonds, state and federal grants and town appropriations.

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2014 is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$ 202,118
	Westwoods Fund	720,922
	Fiduciary Fund	190,446
	Internal Service Fund	36,982
		1,150,468
Capital Projects Fund	General Fund	1,790,060
Nonmajor Governmental Funds	General Fund	627,041
Waste Collection Fund	General Fund	49,789
		\$ 3,617,358

Interfund receivables and payables represent temporary loans for operations.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Interfund transfers that occurred during the year are as follows:

	<b>Transfers Out</b>		
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Transfers In</b>
Capital Projects Fund	\$ 2,805,604	\$ 1,256,159	\$ 4,061,763

Interfund transfers represent monies used to fund projects, return excess monies to originating fund from completed projects, or to cover budget overages.

**E. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 45,835,000	\$ -	\$ 5,270,000	\$ 40,565,000	\$ 5,195,000
Issuance premiums	2,659,419		272,392	2,387,027	
	48,494,419	-	5,542,392	42,952,027	5,195,000
Clean water fund loans	916,443		916,443	-	
Capital lease	3,777,279		91,833	3,685,446	142,239
OPEB obligation	3,920,480	2,037,545		5,958,025	
Net pension obligation	322,560	2,271		324,831	
Compensated absences	2,303,588	741,778	802,255	2,243,111	418,461
Governmental Activities Long-Term Liabilities	\$ 59,734,769	\$ 2,781,594	\$ 7,352,923	\$ 55,163,440	\$ 5,755,700
Business-Type Activities:					
Capital lease	\$ 274,742	\$ 21,062	\$ 85,093	\$ 210,711	\$ 88,134

For the governmental activities, compensated absences are generally liquidated by the fund where the employee is charged.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**General Obligation Bonds**

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$321,575 will be used to repay respective debt; however, the Town is liable for all outstanding bonds.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2014</u>
General Obligation Bonds	2/15/2008	\$ 8,000,000	3.25-4.25	2/15/2028	\$ 420,000-425,000	\$ 420,000
General Obligation Bonds	5/1/2009	13,475,000	2.25-5.00	9/15/2021	1,455,000-1,560,000	11,915,000
General Obligation Bonds	7/9/2009	16,385,000	2.00-5.00	9/15/2020	120,000-2,040,000	8,990,000
General Obligation Bonds	7/9/2009	1,250,000	2.00-4.00	9/15/2020	100,000-125,000	750,000
General Obligation Bonds	6/23/2011	11,550,000	2.00-4.00	4/1/2026	210,000-1,085,000	9,980,000
General Obligation Bonds	5/24/2012	4,840,000	2.00-4.00	7/1/2025	420,000-790,000	4,420,000
General Obligation Bonds	1/31/2013	4,220,000	2.00-3.00	1/15/2028	115,000-545,000	4,090,000
Total						<u>\$ 40,565,000</u>

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

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 5,195,000	\$ 1,381,699
2016	5,140,000	1,217,436
2017	4,260,000	1,061,599
2018	4,300,000	913,750
2019	4,285,000	731,775
2020-2024	13,765,000	1,484,675
2025-2028	3,620,000	152,906
	<u>\$ 40,565,000</u>	<u>\$ 6,943,840</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**General Obligation Bonds - In Substance Defeasance**

In May 2012, the Town advance refunded \$2,520,000 of outstanding 2008 general obligation bonds. The balance of the defeased bonds outstanding at June 30, 2014 is \$2,100,000 and the amount in escrow is \$2,175,839.

In February 2013, the Town advance refunded an additional \$3,360,000 of outstanding 2008 general obligation bonds. The balance of the defeased bonds outstanding at June 30, 2014 is \$3,360,000 and the amount in escrow is \$3,449,381.

**Legal Debt Limit**

The Town's indebtedness does not exceed the legal debt limitation as established 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	\$ 188,398,924	\$ 32,456,141	\$ 155,942,783
Schools	376,797,848	19,640,299	357,157,549
Sewers	313,998,206	1,169,525	312,828,681
Urban renewal	272,131,779		272,131,779

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$557,404,667.

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2014 is \$13,294,615. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Clean Water Fund Loans**

The State of Connecticut under the Clean Water Fund Program issued the project loan obligation. The loan proceeds financed the Water Treatment Plant Construction project. The obligation was paid in full during the fiscal year ended June 30, 2014.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Capital Leases**

Governmental Activities

The Town has entered into lease agreements as lessee for financing the acquisition of garbage containers and for energy conservation improvements to various Town and School buildings. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 250,123
2016	257,661
2017	265,425
2018	273,422
2019	281,659
2020-2024	1,540,764
2025-2028	1,787,079
Less amount representing interest	<u>(970,687)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,685,446</u>

Business Activities

The Town has entered into lease agreements as lessee for financing the acquisition of golf carts and recycling containers. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30</u>	<u>Business Activities</u>
2015	\$ 96,219
2016	116,458
2017	9,725
Less amount representing interest	<u>(11,691)</u>
Present Value of Minimum Lease Payments	<u>\$ 210,711</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**F. Fund Balance**

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 23,760	\$ 23,760
Prepaid items			8,032	8,032
Restricted for:				
General government			312,485	312,485
Education			1,149,751	1,149,751
Public safety			40,958	40,958
Capital projects		988,360	240	988,600
Committed to:				
Public works			504,265	504,265
General government			119,611	119,611
Culture and recreation			72,029	72,029
Education			794,183	794,183
Assigned to:				
Education	122,297			122,297
Unassigned	<u>9,551,893</u>		<u>(64,271)</u>	<u>9,487,622</u>
 Total Fund Balances	 <u>\$ 9,674,190</u>	 <u>\$ 988,360</u>	 <u>\$ 2,961,043</u>	 <u>\$ 13,623,593</u>

**4. EMPLOYEE RETIREMENT PLAN**

**A. Pension Trust Fund**

**Plan Description**

The Town is the administrator of a single-employer defined-benefit pension plan, the Public Employee Retirement System (PERS), established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Both the employer and the employee are obligated to contribute to this plan. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Management of the plans rests with the Retirement Board, which consists of eleven (11) members appointed by the Town Council. At least one member of the Board must also be a member of the Town Council and at least five members of the Retirement Board must be Town employees. The Board has all the powers necessary for the proper administration of the Plan. These powers include prescribing procedures to be followed in filing applications for benefits; having periodic actuarial valuations of the Plan undertaken by an actuary; and directing and monitoring investment Plan assets.

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. All eligible full-time employees must participate in the Town's pension plan. To be eligible, a Town employee, including fire employees, must have attained age 25 if hired before July 1, 1983; if hired after such date, the employee is eligible at date of hire. All employees, except police, are 100% vested after 5 years of service. Police are 100% vested after 10 years of service. Employees who retire at normal retirement age receive a retirement benefit. The Town of Farmington has the authority to establish and amend the contribution requirements of the Plan. Effective July 1, 2011, the Plan was closed to all new employees, except police, fire and education employees. Any employees hired after July 1, 2011 are required to participate in the defined contribution plan.

Municipal employees are entitled to 2% of final earnings times years of credited service with the maximum benefit being 65% of final earnings. Firemen are entitled to 2.5% of final earnings times years of credited service with the maximum benefit being 60% of final earnings. Police are entitled to 2.5% of final earnings times years of credited service with the maximum benefit being 65% (70% for supervisors) of final earnings. Police who retire after January 12, 2012 are subject to a maximum benefit equal to 105% of the Police employee's base salary at time of retirement. Police who are hired after June 12, 2012 are subject to a maximum benefit equal to 85% of their base salary at time of retirement. Early eligibility is available at age 55 with 5 years of service for municipal employees and age 55 with 10 years of service for firemen. Benefits are fixed by contract and may be amended by union negotiations.

Plan membership consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

Retirees, disabled employees, and beneficiaries currently receiving benefits	202
Terminated employees entitled to benefits but not yet receiving them	69
Current plan members	<u>326</u>
	<u><u>597</u></u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Summary of Significant Accounting Policies**

Basis of Accounting: The Town's Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

All funds are administered through a custodial contract with Wells Fargo Bank, N.A. and are reported at fair value.

**Funding Policy**

Town employees other than fire employees and police contribute 6%, while fire employees contribute 7.75% and police contribute 7% of their respective gross earnings.

The Town is required to contribute the amount necessary to finance the benefits for its employees. For the fiscal year ended June 30, 2014, the Town contributed \$2,270,080 which represents approximately 10.99% of covered payroll of \$20,652,300.

Administrative costs of the Plan are financed through investment earnings.

**Investments**

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces 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, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	2.67 %
Core Fixed Income	24.50
High Yield Bonds	2.50
Non-US Fixed income	6.20
Large Cap US Equities	21.80
Small Cap US Equities	10.80
Emerging Market Equities	2.45
Developed Foreign Equities	20.60
Real Estate (REITS)	5.00
Commodities	3.48
	<u>100.00 %</u>



**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Town**

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

Total pension liability	\$	100,352,281
Plan fiduciary net position		<u>80,067,536</u>
Net pension liability	\$	<u><u>20,284,745</u></u>
Plan fiduciary net position as a percentage of the total pension liability		<u><u>79.79%</u></u>

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Graded from 6.5% to 3.5%
Investment rate of return	7.25

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2012-June 30, 2013.

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

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0.49 %
Core Fixed Income	1.95
High Yield Bonds	3.90
Non-US Fixed income	0.73
Large Cap US Equities	4.39
Small Cap US Equities	4.63
Emerging Market Equities	4.88
Developed Foreign Equities	4.39
Real Estate (REITS)	3.90
Commodities	2.93

**Discount Rate:** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:** The following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Total Net Pension Liability \$	31,864,780 \$	20,284,745 \$	10,457,272

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Annual Pension Cost and Net Pension Obligation**

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to the Town's Pension Plan for the year ended June 30, 2014 were as follows:

Annual required contribution (ARC)	\$	2,267,150
Interest on net pension obligation		24,192
Adjustment to annual required contribution		<u>(18,991)</u>
Annual pension cost		2,272,351
Contributions made		<u>2,270,080</u>
Increase in net pension obligation		2,271
Net pension obligation, beginning of year		<u>322,560</u>
Net Pension Obligation, End of Year	\$	<u><u>324,831</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 7.25% investment rate of return and (b) graded 6.5% to 3.5% projected salary increases. Both (a) and (b) included an inflation component of 2.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The net pension obligation is being amortized as a level percentage of projected payroll on a closed basis over 29 years beginning July 1, 2013.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 1,970,501	\$ 2,055,490	104.31%	\$ 317,464
6/30/2013	2,114,096	2,109,000	99.76%	322,560
6/30/2014	2,272,351	2,270,080	99.90%	324,831

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ 65,598,547	\$ 71,510,628	\$ 5,912,081	91.73%	\$ 18,748,405	31.53%
7/1/2009	60,947,199	76,261,879	15,314,680	79.92%	19,085,815	80.24%
7/1/2010	63,390,361	80,461,338	17,070,977	78.78%	19,627,086	86.98%
7/1/2011	69,589,308	85,980,068	16,390,760	80.94%	21,334,076	76.83%
7/1/2012	68,084,231	86,942,969	18,858,738	78.31%	20,652,300	91.32%
7/1/2013	69,620,427	93,620,239	23,999,812	74.40%	20,141,456	119.20%

**B. Teachers**

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after 10 years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After 10 years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183 b(7). For the year ended June 30, 2014, teachers of the Town contributed \$2,150,559 to the plan, and covered payroll for the year was \$29,662,883. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2014 was \$7,353,626 and is recognized in the General Fund GAAP-basis statement of revenues, expenditures and changes in fund balances.

Effective July 1, 2004, 1.25% of the mandatory 7.25% contribution is placed into a fund from which retirees' health insurance premiums will be paid. This 1.25% contribution is no longer credited to the member's individual account and does not vest.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**5. OTHER POSTEMPLOYMENT BENEFITS**

**A. Summary of Significant Accounting Policies**

Basis of Accounting - The Town funding and payment of postemployment benefits are accounted for in the Internal Service Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

**B. Plan Description**

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town and Board of Education employees. The RMP is a single-employer defined benefit healthcare plan administered by the Town. Retired program members and beneficiaries currently receiving benefits are required to contribute active employee premiums. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

At July 1, 2014, plan membership consisted of the following:

Retired participants and spouses	237
Active plan members	<u>752</u>
	<u><u>989</u></u>

**C. Funding Policy**

The Town's funding strategy for postemployment obligations is based upon characteristics of benefits on Town and Board of Education employees established within their respective collective bargaining units and/or contracts and include the following:

- All Town and Board of Education employees retiring with at least 15 years of creditable service are eligible at age 55, excluding retired teachers who are assumed to be covered by plans offered through the Connecticut Teachers Retirement Board.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

- Benefits are payable to the employee and to a spouse for their lifetime, regardless of when the retiree dies.
- Police employees are covered 100%; however, Police Benevolent Association pays 25% of the premium cost. Spouses pay 50% of the premium cost.
- All other employees pay 50% of the premium cost and spouses pay 100% of the premium cost.

**D. Annual OPEB Cost and Net OPEB Obligations**

The Town of Farmington’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

Annual required contribution (ARC)	\$	3,132,286
Interest on net OPEB obligation		156,819
Adjustment to annual required contribution		<u>(150,288)</u>
Annual OPEB cost		3,138,817
Contributions made		<u>1,101,272</u>
Increase in net OPEB obligation		2,037,545
Net OPEB obligation, beginning of year		<u>3,920,480</u>
Net OPEB Obligation, End of Year	\$	<u><u>5,958,025</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2014 is presented below. The year of transition was June 30, 2009.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 2,181,129	\$ 1,118,293	51.27%	\$ 2,890,565
6/30/2013	2,291,036	1,261,121	55.05%	3,920,480
6/30/2014	3,138,817	1,101,272	35.09%	5,958,025

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll (b-a)/c</b>
6/30/2009	\$ -	\$ 23,383,486	\$ 23,383,486	0%	N/A	N/A
6/30/2011	-	30,822,853	30,822,853	0%	N/A	N/A
7/1/2013	-	36,108,188	36,108,188	0%	N/A	N/A

**Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
6/30/2012	\$ 1,118,293	\$ 2,166,027	51.63%
6/30/2013	1,261,121	2,268,808	55.59%
6/30/2014	1,101,272	3,132,286	35.16%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.8% initially, reduced by decrements to an ultimate rate of 4.7% after 70 years. The general inflation assumption is 3.5%. Projected salary increases start at 6.5% and are reduced to 3.5% depending on age. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis with a remaining amortization period at June 30, 2014 at 30 years.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**6. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2014, 2013 or 2012.

The Town's self-insurance program, which commenced July 1, 1983, is used to account for accident and health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. The program also covers retired employees under 65, provided that they pay a yearly premium to the Town. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims in excess of 120% of expected claim payments in the aggregate for the Town and 125% of expected claim payments in the aggregate for the Board of Education. In addition, the policies on an individual basis cover claims in excess of \$100,000 (Town) and \$125,000 (Board of Education). During 2014, total claims expense was \$10,554,716, which did not exceed 120% of expected claim payments and an estimate for claims incurred but not reported as of June 30, 2014.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded claims payable at June 30, 2014 of \$941,324.

Premium payments are reported as quasi-external interfund transactions for the General Fund, Enterprise Fund and the WPCA Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the participating funds.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate.



**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Changes in the claims liability for the past two years are as follows:

	<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Accrued Liability Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2012-13	\$ 940,514	\$	9,951,447	\$	(9,948,969)	\$	942,992
2013-14	942,992		10,554,716		(10,556,384)		941,324

**B. Contingent Liabilities**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, are believed by counsel to be likely to result in judgment or judgments that could materially affect the Town's financial position.

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

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Property Taxes:				
Current taxes	\$ 82,760,370	\$ 82,760,370	\$ 82,544,833	\$ (215,537)
Delinquent taxes	250,000	250,000	153,837	(96,163)
Interest and lien fees	235,000	235,000	211,565	(23,435)
Supplemental MV taxes	550,000	550,000	684,596	134,596
Total property taxes	<u>83,795,370</u>	<u>83,795,370</u>	<u>83,594,831</u>	<u>(200,539)</u>
Federal and State Grants:				
General education	4,523,350	4,523,350	1,658,971	(2,864,379)
School building	179,230	179,230	179,231	1
Social services grants	18,000	18,000	38,181	20,181
In lieu of taxes	310,437	310,437	3,074,807	2,764,370
Police grant	73,800	73,800	78,808	5,008
State capital improvement	175,000	175,000		(175,000)
Snow removal assistance			109,674	109,674
Highway grants	372,393	372,393	372,175	(218)
Municipal Revenue Sharing			621,616	621,616
Hold Harmless Grant	396,467	396,467	25,686	(370,781)
Total federal and state grants	<u>6,048,677</u>	<u>6,048,677</u>	<u>6,159,149</u>	<u>110,472</u>
Charges for Current Services:				
Housing	35,000	35,000	47,690	12,690
Police services	226,000	226,000	233,520	7,520
Rentals	6,000	6,000	5,804	(196)
Sewer inspection fees	20,000	20,000	17,947	(2,053)
Town clerk fees	325,000	325,000	258,943	(66,057)
Tower space rental	155,496	155,496	172,378	16,882
Conveyance tax	425,000	425,000	527,136	102,136
Busing fees	4,000	4,000	5,245	1,245
Total charges for current services	<u>1,196,496</u>	<u>1,196,496</u>	<u>1,268,663</u>	<u>72,167</u>
Licenses and Permits:				
Dog licenses	6,000	6,000	4,724	(1,276)
Building permits	580,000	580,000	1,242,227	662,227
Other permits	13,500	13,500	11,773	(1,727)
Total licenses and permits	<u>599,500</u>	<u>599,500</u>	<u>1,258,724</u>	<u>659,224</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Penalties:				
Court fines	\$ 45,000	\$ 45,000	\$ 35,253	\$ (9,747)
Dog fines and charges	4,500	4,500	2,020	(2,480)
Total fines and penalties	<u>49,500</u>	<u>49,500</u>	<u>37,273</u>	<u>(12,227)</u>
Investment Income	<u>90,000</u>	<u>90,000</u>	<u>70,621</u>	<u>(19,379)</u>
Other:				
Zoning hearings	11,500	11,500	22,632	11,132
Other assessments	149,195	149,195	151,469	2,274
Alarm fines and connections	12,500	12,500	14,380	1,880
Miscellaneous	<u>68,000</u>	<u>68,000</u>	<u>37,215</u>	<u>(30,785)</u>
Total other	<u>241,195</u>	<u>241,195</u>	<u>225,696</u>	<u>(15,499)</u>
Total Revenues and Other Financing Sources	\$ <u>92,020,738</u>	\$ <u>92,020,738</u>	92,614,957	\$ <u>594,219</u>
Budgetary revenues are different than GAAP revenues because: State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			<u>7,353,626</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit - IV			\$ <u>99,968,583</u>	

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
General administration:				
Town Manager	\$ 377,248	\$ 392,116	\$ 392,016	\$ 100
Finance	1,046,812	1,048,711	1,048,614	97
Probate Court	12,500	12,500	12,425	75
Registrars	87,449	80,449	80,310	139
Town Council	61,500	61,500	60,822	678
Personnel services	288,800	65,800	65,006	794
Legal	140,000	221,300	221,291	9
Town Clerk	336,923	324,923	324,499	424
Economic Development	114,722	114,722	109,706	5,016
Payments to outside agencies	2,450,927	2,450,927	2,450,667	260
Planning and zoning	273,025	320,767	320,665	102
Public buildings	218,528	169,660	169,558	102
Insurance	287,625	244,625	243,891	734
	<u>5,696,059</u>	<u>5,508,000</u>	<u>5,499,470</u>	<u>8,530</u>
Public safety:				
Fire marshal	930,662	942,528	942,429	99
Fire department	1,473,508	1,470,690	1,457,544	13,146
Police department	5,540,962	5,485,568	5,468,963	16,605
Communications center	899,957	954,957	954,875	82
EMS services	35,456	58,381	58,369	12
Building inspector	203,237	200,445	157,163	43,282
	<u>9,083,782</u>	<u>9,112,569</u>	<u>9,039,343</u>	<u>73,226</u>
Public works:				
Highway and grounds	3,528,168	3,588,795	3,588,696	99
Engineering	443,471	456,021	456,014	7
Public works and development	101,049	106,829	106,729	100
	<u>4,072,688</u>	<u>4,151,645</u>	<u>4,151,439</u>	<u>206</u>
Community and recreation services:				
Community services	823,096	822,998	822,714	284
Housing	27,325	27,325	22,858	4,467
	<u>850,421</u>	<u>850,323</u>	<u>845,572</u>	<u>4,751</u>
Other:				
Benefits	5,618,000	5,638,000	5,637,982	18
Other	10,000			-
	<u>5,628,000</u>	<u>5,638,000</u>	<u>5,637,982</u>	<u>18</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Debt service	\$ 7,579,198	\$ 7,579,198	\$ 7,504,478	\$ 74,720
Total general government	32,910,148	32,839,735	32,678,284	161,451
Board of Education	56,547,790	56,536,399	56,533,872	2,527
Total Board of Education and General Government	89,457,938	89,376,134	89,212,156	163,978
Other Financing Uses:				
Transfers out:				
Capital Projects Fund	2,562,800	2,805,604	2,805,604	-
Total Expenditures, Encumbrances and Other Financing Uses	\$ 92,020,738	\$ 92,181,738	92,017,760	\$ 163,978

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	7,353,626
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	(122,297)
Encumbrances for purchases and commitments ordered in the previous fiscal year are not reported in the current fiscal year for budgetary purposes, but are shown in the year expended for financial reporting purposes	142,905
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	\$ 99,391,994

## TOWN OF FARMINGTON, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 2,423,489
Interest	6,781,290
Differences between expected and actual experience	2,633,994
Benefit payments, including refunds of member contributions	<u>(5,106,731)</u>
Net change in total pension liability	6,732,042
Total pension liability - beginning	<u>93,620,239</u>
Total pension liability - ending	<u>100,352,281</u>
Plan fiduciary net position:	
Contributions - employer	2,270,080
Contributions - member	1,365,672
Net investment income	9,995,112
Benefit payments, including refunds of member contributions	<u>(5,106,731)</u>
Administrative expense	(99,291)
Other	<u>34,041</u>
Net change in plan fiduciary net position	8,458,883
Plan fiduciary net position - beginning	<u>71,608,653</u>
Plan fiduciary net position - ending	<u>80,067,536</u>
Net Pension Liability - Ending	<u>\$ 20,284,745</u>
Plan fiduciary net position as a percentage of the total pension liability	79.79%
Covered-employee payroll	\$ 20,652,300
Net pension liability as a percentage of covered-employee payroll	98.22%

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 717,978	\$ 764,182	\$ 854,474	\$ 945,584	\$ 1,135,040	\$ 1,951,127	\$ 2,013,158	\$ 1,971,693	\$ 2,108,977	\$ 2,267,150
Contributions in relation to the actuarially determined contribution	<u>717,978</u>	<u>764,182</u>	<u>854,474</u>	<u>992,469</u>	<u>1,183,279</u>	<u>1,291,590</u>	<u>1,950,000</u>	<u>2,055,490</u>	<u>2,109,000</u>	<u>2,270,080</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,885)</u>	<u>\$ (48,239)</u>	<u>\$ 659,537</u>	<u>\$ 63,158</u>	<u>\$ (83,797)</u>	<u>\$ (23)</u>	<u>\$ (2,930)</u>
Covered-employee payroll	\$	\$ 16,232,926	\$ 17,180,785	\$ 18,324,455	\$ 18,748,405	\$ 19,085,815	\$ 19,627,086	\$ 21,334,076	\$ 20,652,300	\$ 20,652,300
Contributions as a percentage of covered-employee payroll		4.71%	4.97%	5.42%	6.31%	6.77%	9.94%	9.63%	10.21%	10.99%

**Notes to Schedule**

Valuation date: July 1, 2013

Measurement date: June 30, 2014

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
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Graded from 6.5% to 3.5%
Investment rate of return	7.25%
Retirement age	Rates that vary by age and group

Mortality RP-2000 Mortality for Employees, Health Annuitants, and Disabled Annuitants, with generational projection per Scale



**TOWN OF FARMINGTON, CONNECTICUT**

**SCHEDULE OF INVESTMENT RETURNS**

**LAST FISCAL YEAR**

**2014**

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Annual money-weighted rate of return, net of investment expense

13.88%

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***Appendix B***

***Opinion of Bond Counsel and Tax Exemption***

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## APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

### BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Farmington  
Farmington, Connecticut

We have represented the Town of Farmington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$4,075,000 General Obligation Bonds, Issue of 2015, dated as of April 21, 2015.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

## **FEDERAL INCOME TAX.**

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

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

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

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

***Financial Institutions.*** The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds will ***not*** be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

***Additional Federal Income Tax Matters.*** In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the 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 OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for

purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

#### **ORIGINAL ISSUE DISCOUNT.**

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such bonds.

#### **ORIGINAL ISSUE PREMIUM.**

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original

cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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. Owners of the Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such bonds.

**GENERAL.**

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds are advised to consult their tax advisors regarding the potential tax consequences of proposed Federal or State of Connecticut tax legislation affecting municipal bonds.

The information above does not purport to deal with all aspects of Federal or State of Connecticut 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 tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.



***Appendix C***

***Form of Continuing Disclosure Agreement***

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## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain 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 for Bonds.*

### Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of April 21, 2015 by the Town of Farmington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,075,000 General Obligation Bonds, Issue of 2015, dated as of April 21, 2015 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated April 7, 2015 prepared in connection with the Bonds.

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

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

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

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

### **Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2015) as follows:

(i) Financial statements of the Issuer's general fund, and of any capital projects, proprietary, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

(A) amounts of the gross and the net taxable grand list applicable to the fiscal year,

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

- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time 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.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

### **Section 3. Notice of Certain Events.**

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

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

**Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

**Section 6. Termination.**

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

**Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time 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 within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Treasurer, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Treasurer is Town Hall, One Monteith Drive, Farmington, Connecticut 06032-1053.

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

**Section 8. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

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

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

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

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

TOWN OF FARMINGTON

By \_\_\_\_\_  
Kathleen A. Eagen  
Town Manager

By \_\_\_\_\_  
Joseph Swetcky, Jr.  
Treasurer

***Appendix D***

***Notice of Sale and Bid Form***

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**NOTICE OF SALE**  
**\$4,075,000**  
**Town of Farmington, Connecticut**  
**General Obligation Bonds**  
**(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by the Town of Farmington, Connecticut at the Council Chambers, Town Hall, 1 Monteith Drive, Farmington, Connecticut, until **11:30 A.M. Eastern Time on TUESDAY,**

**APRIL 7, 2015**

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$4,075,000 General Obligation Bonds, Issue of 2015**  
**Payable annually on April 15 as follows:**

**\$275,000 in 2016 through 2020**  
**\$270,000 in 2021 through 2030**

The Bonds will be dated April 21, 2015, with interest payable on October 15, 2015 and thereafter semiannually on each April 15th and October 15th.

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

**DTC Book Entry.** The 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 The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the 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 or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the 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 certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of September and March.

**Redemption.** Bonds maturing after April 15, 2022 are subject to redemption prior to maturity, at the option of the Town, on or after April 15, 2022, at any time, either in whole or in part, in such amounts and in such order of

maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
April 15, 2022 and thereafter	100%

**Proposals.** Each proposal 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 must specify in a multiple of one-twentieth or one eighth of one percent 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 two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the 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. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

**Disclaimer** - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the 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. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

**Basis of Award.** As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining

the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to April 21, 2015, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) 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 interest on the Bonds 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. The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

**Official Statement.** The Town of Farmington has prepared a preliminary Official Statement for the Bond issue which is dated March 30, 2015. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 50 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the

Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material 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 for Bonds. 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 Bonds.

**CUSIP Numbers.** 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 purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.** The successful bidder may specify that the Bonds as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

**Delivery Date and Payment.** It is expected that the closing on the Bonds will occur on or about April 21, 2015 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

**More Information.** For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Joseph Swetcky, Jr., Treasurer, Town of Farmington, Town Hall, One Monteith Drive, Farmington, Connecticut 06032-1053 (telephone: (860) 675-2335).

KATHLEEN A. EAGEN,  
*Town Manager*

JOSEPH SWETCKY, JR.,  
*Treasurer*

March 30, 2015