

# PRELIMINARY OFFICIAL STATEMENT DATED JUNE 18, 2018

## New Money Issue: Book-Entry-Only

Rating: S&P Global Ratings: "AA"

In the opinion of Bond Counsel, assuming the accuracy of and continuing 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"), based on existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax imposed on certain corporations. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, as described under "Appendix B - Form of Legal Opinion of Bond Counsel and Tax Exemption" herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



## Town of Thomaston, Connecticut \$8,415,000 General Obligation Bonds, Issue of 2018

Dated: Date of Delivery

Due: July 15, 2019 - 2038  
As shown below:

The Bonds will bear interest payable on January 15, 2019 and semiannually thereafter on July 15 and January 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-only 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 described herein) of the Bonds. (See "Book-Entry-Only Transfer System" herein).

Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>	Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>
2019	\$ 485,000	..%	..%	884510	2029	\$ 400,000	..%	..%	884510
2020	485,000	..%	..%	884510	2030	400,000	..%	..%	884510
2021	485,000	..%	..%	884510	2031	400,000	..%	..%	884510
2022	485,000	..%	..%	884510	2032	400,000	..%	..%	884510
2023	485,000	..%	..%	884510	2033	400,000	..%	..%	884510
2024	485,000	..%	..%	884510	2034	315,000	..%	..%	884510
2025	485,000	..%	..%	884510	2035	315,000	..%	..%	884510
2026	485,000	..%	..%	884510	2036	315,000	..%	..%	884510
2027	480,000	..%	..%	884510	2037	315,000	..%	..%	884510
2028	480,000	..%	..%	884510	2038	315,000	..%	..%	884510

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

The Bonds are being offered for sale in accordance with an official Notice of Sale dated June 18, 2018 (See Appendix D herein). Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Daylight Time) on Wednesday, June 27, 2018, at the Office of the Finance Director, Town Hall Building, 158 Main Street, Thomaston, Connecticut 06787.

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

The Registrar, Certifying, Transfer, and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin LLP, Bond Counsel, Hartford, Connecticut, and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about July 17, 2018.

<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.

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

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

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

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. 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 (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) 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. The Continuing Disclosure Agreement shall be executed in substantially the form attached as Appendix C to this Official Statement.

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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.*

<b>Date of Sale:</b>	Wednesday, June 27, 2018 at 11:30 A.M. (Eastern Daylight Time).
<b>Locations of Sale:</b>	Town of Thomaston, Town Hall Building, 158 Main Street, Thomaston, CT 06787.
<b>Issuer:</b>	Town of Thomaston, Connecticut (the "Town").
<b>Issue:</b>	\$8,415,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal Due:</b>	The Bonds are due serially, July 15, 2019 through July 15, 2038, as detailed in this Official Statement.
<b>Interest Due:</b>	January 15, 2019 and semiannually thereafter on July 15 and January 15, in each year until maturity.
<b>Purpose:</b>	The Bond proceeds will be used to provide funds for various general purpose projects.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity, as described herein.
<b>Security:</b>	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "AA" from S&P Global Ratings.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Bond Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See "Appendix B - Form Legal of Opinion of Bond Counsel and Tax Exemption", herein.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) 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. The Continuing Disclosure Agreement is to be executed by the Town in substantially the form attached hereto as Exhibit C.
<b>Bank Qualification:</b>	The Bonds <u>shall be</u> 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 of interest expense allocable to the Bonds.
<b>Registrar, Transfer Agent, Certifying Agent, Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Shipman & Goodman LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 283-1110.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made on or about July 17, 2018, against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Tracy A. Decker, Finance Director, Town Office Building, 158 Main Street, Thomaston, Connecticut 06787. Telephone (860) 283-9678.

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

### ***Introduction***

This Official Statement, (the "Official Statement") including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Thomaston, Connecticut (the "Town"), in connection with the original issuance and sale of \$8,415,000 General Obligation Bonds, Issue of 2018 (the "Bonds") of the Town.

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. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Town since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

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.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinions attached hereto as Appendix B) and it makes no representation that it has independently verified the same.

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

### ***Municipal Advisor***

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

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

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

The Bonds will be dated as of the date of delivery, July 17, 2018, and will mature in annual installments on July 15 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be payable on January 15, 2019 and semiannually thereafter on July 15 and January 15, in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owner of the Bonds as of the close of business on the last day of June and December in each year, or the preceding business day if such last day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds are subject to redemption prior to maturity as more fully described herein. The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended.

## ***Redemption Provisions***

The Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2024 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2023 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective price (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Period During Which Redeemed</i></b>	<b><i>Redemption Price</i></b>
July 15, 2023 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 at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. 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 a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC 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 DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests 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 the Town, the Registrar or Paying Agent.

## ***Authorization and Purpose***

**Fire Truck:** The Town authorized an appropriation and bond authorization of \$600,000 for the purchase of a fire truck at a Special Town Meeting held on March 26, 2014.

**Pay Loader:** The Town authorized an appropriation of \$160,000 and a bond authorization of \$150,000 for the purchase of a pay loader for the Town Highway Department at the Annual Budget Meeting on April 23, 2014.

**Public Works Dump Truck:** The Town authorized an appropriation of \$165,197 and a bond authorization of \$150,197 for the purchase of a 2015 Freightliner dump truck for the Public Works Department at a Special Town Meeting held on July 15, 2015.

**WPCA Sewer Lines:** The Town authorized an appropriation of \$1,390,000 and a bond authorization of \$1,390,000 for the rehabilitation and replacement of sanitary sewer lines and laterals at a Special Town Meeting held on July 15, 2015.

**Engineering Roads:** The Town authorized an appropriation of \$212,000 and a bond authorization of \$212,000 for engineering services relating to road design and construction at a Special Town Meeting held on October 26, 2016. The Town authorized an appropriation of \$283,000 and a bond authorization of \$283,000 for engineering services relating to road design and construction of a portion of Hickory Hill Road at a Special Town Meeting held on October 26, 2016.

**Nystroms - Phase II - Track:** The Town authorized an appropriation of \$2,350,000 and a bond authorization of \$2,350,000 for the construction of Phase II of the Thomaston Track Facility located at Nystrom's Pond at a referendum held on November 16, 2016.

**Reconstruction and Repair of Roads - Phase I:** The Town authorized an appropriation of \$3,270,000 and a bond authorization of \$3,270,000 for the reconstruction and repair of various Town roads and roadside elements at a referendum held on February 9, 2017.

**Fire Truck (Ladder Truck):** The Town authorized an appropriation of \$824,000 and a bond authorization of \$794,000 for the purchase of a 2015 Rosenbauer Aerial Platform Ladder Truck at a Special Town Meeting held on January 10, 2018.

### **Use of Proceeds**

<b>Project</b>	<b>Amount Authorized</b>	<b>Maturing Notes Due: 7/17/18</b>	<b>Grants/ Paydowns Applied</b>	<b>New Money</b>	<b>This Issue: The Bonds</b>
Fire Truck.....	\$ 600,000	\$ 540,000	\$ -	\$ -	\$ 540,000
Pay Loader.....	150,000	130,000	-	-	130,000
Public Works Dump Truck.....	150,197	150,000	-	-	150,000
WPCA Phosphorous .....	725,000	62,150	(62,150)	-	-
Engineering - Roads.....	212,000	212,000	-	-	212,000
Engineering - Hickory Hill.....	283,000	283,000	-	-	283,000
Dump Truck (2016).....	44,900	44,900	(44,900)	-	-
Nystroms - Phase II - Track.....	2,350,000	2,350,000	-	-	2,350,000
Reconstruction & Repair of Roads.....	3,270,000	2,457,950	-	243,050	2,701,000
Fire Truck (Ladder Truck).....	769,000	-	-	769,000	769,000
WPCA Sewer Lines.....	1,390,000	1,390,000	(110,000)	-	1,280,000
<b>Total .....</b>	<b>\$ 9,944,097</b>	<b>\$ 7,620,000</b>	<b>\$ (217,050)</b>	<b>\$ 1,012,050</b>	<b>\$ 8,415,000</b>

### **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 securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s 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 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 Bond (“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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 payments 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 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, 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 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 Paying 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 Bonds***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town is authorized to issue fully registered Bond certificates 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 of Thomaston, Connecticut, 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 the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

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 the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds 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 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.

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

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.

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

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Form of Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) 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.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide annual financial information and event notices pursuant to Rule 15c2-12. In the past five years, the Town has not failed to comply, in any material respect, with its undertakings under such agreements.

The Town is not responsible for any failure by the Electronic Municipal Market Access system (EMMA) of any other nationally recognized municipal securities information repository to timely post disclosure submitted to it by the Town or any failure to associate such submitted disclosure to all related CUSIPs.

The Town 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 the rating agencies 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.

### ***Bond Rating***

The Town has received a “AA” rating on the Bonds from S&P Global Ratings (the “Rating Agency”). The Town furnished to the Rating Agency certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the Rating Agency. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, the rating agencies base their rating upon such information and materials and upon investigations, studies and assumptions by the rating agencies. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s outstanding bonds, including the Bonds.

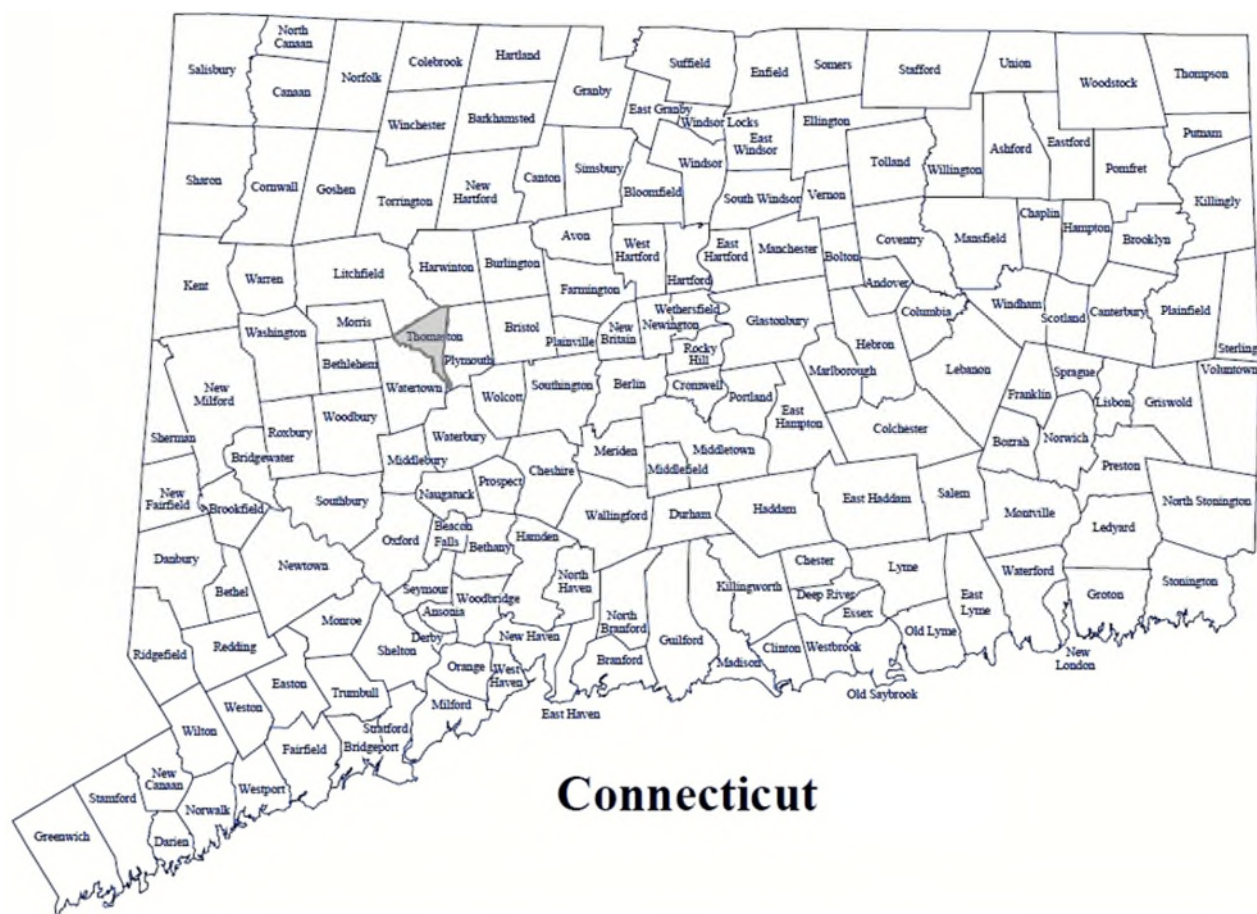
The Town expects to furnish to the Rating Agency information and materials that they may request. However, the Town may issue short-term or other debt for which a rating is not requested. The Town’s Municipal Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

### ***Bond Insurance***

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

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## II. The Issuer



### ***Description of the Municipality***

The Town of Thomaston, located in Litchfield County, encompasses a land area of 12.0 square miles and has a current population of 7,975. The Town is 10 miles south of Torrington, 23 miles west of Hartford and is bordered by Waterbury, Plymouth, Harwinton, Litchfield and Watertown. Thomaston originated in 1674 as part of the Mattatuck Plantation, now the City of Waterbury.

The Town is easily accessible by an excellent highway system. Route 8, a four-lane State highway, provides north-south interstate connections from Bridgeport to Winsted, where it meets Route 44 and continues north to the Massachusetts border. Interstate 84, the major east-west highway through Connecticut, is located just 11 miles south of the Town. Intra-town traffic is served by U.S. Route 6 and State routes 254, 109, and 262, which pass through the Town. Air transport is available at the Oxford Regional, New Haven-Tweed and Bradley International Airports.

Thomaston occupies a unique location in the Naugatuck Valley. With three Federal flood control dams and the Mattatuck State Forest, nearly 20% of the community is either under the ownership of, or administered by, the State of Connecticut or the United States Army Corps of Engineers. An additional 10% is either steep slopes or wetland areas. Hence, 30% or more of the community is expected to retain a rural character.

### ***Economic Factors***

Thomaston is a residential community with a diversified manufacturing economic base. The Town's proximity to the Naugatuck River continues to be a major factor in its natural appeal to the development of certain types of industries.

Best known for its namesake and founder, Seth Thomas, who established the Seth Thomas Clock Company in Thomaston in the late 1800s, the Town continues to be home to many small and medium-sized manufacturers. The original clock factory has now become a vibrant industrial park and is home to more than 20 tenants employing nearly 500 people, many of whom work in skilled manufacturing trades. The current owners have expanded the site from

275,000 square feet to nearly 312,000 square feet over the past decade to accommodate growth and demand for industrial and manufacturing space.

The Town of Thomaston has made changes in its Plan of Conservation and Development that permits the creation of an industrial park located on Reynolds Bridge Road adjacent to an area already zoned and in use by many small to medium size manufacturers. The area is contiguous to Route 8, a divided highway which permits easy access to freight transport. The developer of this industrial park has already constructed a 50-unit senior housing complex near the industrial park. There is currently a 47-unit active adult community under construction by a local developer at 500 South Main Street. The former Star Manufacturing building located at 254 Main Street has been transformed into a mixed-use professional services and office space building. The developer took advantage of a tax assessment abatement ordinance that Thomaston has in place to assist with the development.

Recently, a portion of the Town of Thomaston was deemed an enterprise zone allowing businesses in the Town to apply for both property and income tax incentives.

The Planning & Zoning Commission is in the process of updating the zoning maps based upon a digitized parcel map created by the Central Naugatuck Valley Council of Governments and working in conjunction with the Water Pollution Control Authority to create a master sewer plan for the Town of Thomaston that is in conformance with the State of Connecticut Plan of Conservation and Development. Changes to the Zoning District Map have been made to slow the pace of residential development, which in the past decade has been more than double the State average, by increasing lot sizes, particularly in those areas not served by municipal water and sewer service.

Also economically significant are the ongoing renovations of the Town-owned Thomaston Opera House, which is considered to be one of the finest examples of Victorian/Gothic architecture in the state. In the past decade, the theater has undergone many improvements and restorations perpetuating its original function as a multipurpose cultural and recreational center for Litchfield County and the Greater Waterbury area. The Thomaston Opera House Commission leases the facility to a management company. A portion of each ticket sold is contributed to a fund for future restoration projects and the Town's Opera House Commission plans additional restoration projects in the upcoming year and is working with an architectural firm to develop a long range renovation plan.

The Economic Development Commission's mission is to organize and promote sound economic growth in Thomaston by stimulating the expansion of existing business, attracting new enterprises and assuring a favorable community climate for new ideas and economic growth while respecting the character and history of the community. This nine member commission has been proactive in seeking business growth opportunities in Thomaston since its reestablishment. In 2007, a tax incentive program was established in order to attract, retain, and expand qualified businesses, to create employment opportunities, and to promote responsible economic growth to ensure Thomaston's future as a desirable community in which to live and work. Four developers have since taken advantage of this ordinance.

The Board of Selectmen appointed the previously established Thomaston Historical Commission to manage and oversee the Seth Thomas-Bradstreet House, grounds and furnishings at 237 Main Street, and such other historic properties or assets as the Town of Thomaston may acquire in the future. The home, which the Town purchased in November, 2005 has stood on Main Street at least since 1838. A very well preserved two-story building, it has a long association with one of the most important families in Connecticut. Seth Thomas was the famed clockmaker whose company would attain an international reputation. The Town has made this home into a museum, which will entice future economic development.

The Department of Economic and Community Development approved the reallocation of certain Small Cities federal funds the Town holds, which will benefit low to moderate income families and Americans with Disabilities. \$300,000 has been reallocated for housing rehabilitation for those who qualify. Many taxpayers have taken advantage of this program. Additionally, \$811,485 was allocated for ADA, roof and masonry repairs and improvements at Grove Manor, a senior housing complex.

A ten-year Plan of Conservation and Development was recently completed. The plan is intended to address all aspects of governmental services including economic development. One aspect of this plan is to establish goals and develop a plan for the Downtown Development District in conjunction with local merchants.

The Small Town Economic Assistance Program (STEAP) funds economic development, community conservation and quality of life projects for localities that are ineligible to receive Urban Action (CGS Section 4-66c) bonds. Public Act 05-194 allows an Urban Act Town that is not designated as a regional center under the State Plan of Conservation and Development to opt out of the Urban Action program and become a STEAP town for a period of

four years. The Town elected this option in 2006 and has since been awarded \$1,098,300 for sidewalk replacement, \$300,000 for the repair of Altair Avenue Bridge and culvert, \$100,000 for an emergency generator, \$500,000 towards a town-wide communication system and \$500,000 for the first phase of improvements to an athletic facility at Nystroms Park. The Town is currently seeking funding for additional projects including additional sidewalk replacement and a downtown parking area.

The Naugatuck Railroad Company, a branch of the Railroad Museum of New England, will continue to contribute significantly to Thomaston's tourist industry. In 2005 the company renovated the historic Thomaston Train Station and relocated its headquarters from Waterbury to Thomaston. The renovations to the train station were funded by a combination of private and public grants. The train route loops from Waterbury to Thomaston and north toward Torrington. It runs a regular schedule in the summer and fall as well as running trains for special events. Since renovations were completed, it has brought approximately 35,000 passengers into the Town of Thomaston annually.

Thomaston's residential sector consists predominantly of single-family homes affordable across a broad range of income levels. Affordability and accessibility have been prime factors in the consistent levels of residential development. The Planning & Zoning Commission is reviewing an Incentive Housing Zone in an effort to encourage redevelopment of the downtown for commercial and residential uses.

### ***Form of Government***

The Town operates under a Town Meeting form of government, with a Board of Selectmen consisting of three elected members and a Board of Finance made up of six elected members. The Town Meeting is the legislative body of the Town and must approve the annual budget and all bond and note authorizations, except for refunding bonds which only need to be approved by the Board of Selectmen. The First Selectman is the Chief Executive of the Town, and is responsible for the administration of all Town business matters. The First Selectman presides over the Board of Selectmen, has full voting privileges, and is elected to a two-year term of office every odd-numbered year. An elected Treasurer and an appointed Finance Director assist the First Selectman in financial matters.

### ***Principal Municipal Officials***

<b><i>Office</i></b>	<b><i>Name</i></b>	<b><i>Manner of Selection</i></b>	<b><i>Term</i></b>
First Selectman.....	Edmond V. Mone	Elected	11/17 - 11/19
Selectman.....	Bruce J. Barrett, Sr.	Elected	11/17 - 11/19
Selectman.....	Roger D. Perreault	Elected	11/17 - 11/19
Finance Director.....	Tracy A. Decker	Appointed	7 years
Treasurer.....	Kristin Mosimann	Elected	11/17 - 11/19
Town Clerk.....	Catherine P. DuPont	Elected	1/18 - 1/22
Assessor.....	Robert Dudek	Appointed	1.5 years
Tax Collector.....	Cassie Gorman	Elected/4 years	11/17 - 11/21
Superintendent of Schools.....	Francine Coss	Appointed	5 years

## ***Municipal Services***

### ***Police***

The Thomaston Police Department operates under the direction of a Chief of Police, who reports to the Board of Police Commissioners. The Department operates 24 hours per day, seven days a week, and functions as a patrol and investigative unit, comprising thirteen full-time officers. All officers are POSTC certified police officers. There are three full-time and eight part-time emergency services dispatchers who report to the Chief of Police and who are responsible for dispatching fire and ambulance personnel, as well as police. All dispatchers are certified as emergency medical dispatchers. Two officers are certified to teach Drug Abuse Resistance Education (“DARE”).

### ***Fire Protection***

The Thomaston Volunteer Fire Department consists of approximately 50 active members who serve on a volunteer basis. The Department provides fire suppression, dive rescue, rope rescue, and vehicle extrication rescue. The majority of Department members are trained to the operational level for hazardous materials incidents. Department services are available 24 hours per day, 7 days per week. Fire Department members carry pagers and are dispatched by the Thomaston Police Department. The Fire Department has a fleet of three engines, a tanker unit, a 95-foot aerial platform apparatus, a rescue truck, a five passenger transport pick-up, a Polaris Gator all-terrain vehicle and a chief’s vehicle.

### ***Ambulance Service***

The Thomaston Volunteer Ambulance Corps is composed of approximately 30 active members. The Volunteer Ambulance Corps is located at 237 South Main Street in a facility that was built in 1996. The Corps operates two ambulances at the MIC-1 with D-Fib and Epi-Pen level. Ambulance service is available 24 hours per day, 7 days per week, at no cost to residents. Ambulance Corps members carry pagers and are dispatched through the Thomaston Police Department.

### ***Public Works***

The Public Works Department is responsible for the maintenance, repair, and winter plowing of approximately 41 miles of Town-owned roads as well as cleaning and repairing storm sewers, and building maintenance. Thomaston’s Public Works Department fleet consists of five full-size dump trucks equipped with plows and sanders, one smaller dump truck with a plow, and a loader, bulldozer, road-side mower, backhoe, sweep-vac truck and asphalt roller. The Department employs seven full-time employees.

### ***Solid Waste and Recycling***

Thomaston is one of 67 participating communities of the Mid-Connecticut Project of the Materials Innovation and Recycling Authority (“MIRA”) formerly, Connecticut Resources Recovery Authority (“CRRRA”). The Mid-Connecticut Project is a Refuse Derived Fuel processing and recycling plant. Thomaston was one of the original 44 towns to join the Mid-Connecticut Project, and the term of its contract was 20 years. The Town’s MIRA tipping fee for solid waste generated is \$68.00 per ton for fiscal year 2017-18 and will be \$72.00 per ton for fiscal year 2018-19. There is no separate charge for recycling or tonnage; it is factored into the tipping fee. The Town’s “put-or-pay” obligation to the plant is 2,099 tons per year. The Town has pledged its full faith and credit for the payment of its obligations to MIRA. Thomaston has always exceeded the minimum obligation, and the Mid-Connecticut Project has never collected a put-or-pay fee to date. Solid and bulky waste is transported by an independent contractor, Allied Sanitation, Inc., to the Regional Transfer Stations in Thomaston and Watertown. Allied Sanitation, Inc. provides the solid waste transportation for Thomaston and its residents for weekly curbside recycling and waste pickup.

### ***Sewage Collection and Treatment***

Approximately 80% of Thomaston is connected to a sewer system, with roughly 38 miles of sewer lines within Town boundaries and five miles of sewers outside the Town boundaries. The sewers range in age from new to over 100 years old. Thomaston currently has five pumping stations, which were built from 1971 to 1998, and all older pump stations were upgraded in 1996. The Town completed a \$12.6 million upgrade to its existing plant in 2000 which was funded by a combination of state grants and a two percent loan from the State of Connecticut’s Clean Water Revolving Loan Fund. The new plant has been designed for nitrogen removal and an increased design flow of 1.38 million gallons per day with a daily maximum of 2.07 million gallons per day. The Water Pollution Control Authority is continuing an infiltration/inflow program and has been doing yearly manhole rehabilitation to operate a more efficient system.

## **Utilities**

Thomaston's water is supplied by a combination of privately owned utilities and individual wells. Electric service is provided by Eversource, telephone service is provided by AT&T, and natural gas is provided to a portion of the Town by Yankee Gas Services Company.

## **Parks and Recreation**

The Thomaston Recreation Commission offers six recreation areas in the Town with a total of approximately 20 acres dedicated to passive and active recreational activities. These facilities include tennis courts, basketball courts, softball diamonds, a track and several areas with playground equipment for children. Also included is Nystrom's Park, a picnicking and swimming area complete with a bath house, changing areas, and a boat launch. The Thomaston Recreation Commission provides to the residents of Thomaston a broad array of recreation programs which are run year-round and include youth and adult programs. The programs are diversified and include athletic programs as well as cultural activities. The Town of Thomaston has over 1,551 acres of State and Federal land occupied by three flood control dams. This land augments the existing passive recreation with activities such as hiking, camping, fishing, swimming, and boating. In addition, bicycle and motocross trails are provided at the Thomaston Dam. Black Rock State Park is located at Thomaston's border with Watertown and adjoins the federally owned land.

## **Public Library**

Established in 1898, the Thomaston Public Library provides books and other materials in a variety of formats and technologies to meet the informational, educational, recreational, and cultural needs of the community. Library holdings include over 48,000 items, including 15,000 books in the Children's Library. Special collections include the Marjorie Conklin Collection of Art Books and the Allan C. Innes Collection of Books on Connecticut History. The Thomaston Library has over 75 magazine and newspaper subscriptions as well as videos, DVDs and audio books. The library provides reference and research assistance, as well as a reader's advisory service. An on-line public access catalog is available to use in the library or from home computers. A Computer Learning Center offering computer instruction for adults and children is also available. Children and adults have free internet access from numerous high-speed computers. The Friends of the Thomaston Public Library raises money through an annual drive for special projects and programs including lectures by visiting speakers, films, concerts and children's programs.

## **Social Services**

The Department of Social Services is a resource and referral center for many State, Federal, and other agency programs and is a local liaison for residents. Application assistance and advocacy are available, and people with financial needs are helped through well-coordinated local programs including food and fuel banks and a "back-to-school" clothes program. Case management and counseling services are provided as necessary. A municipal agent to aid the elderly is available through the Social Services Department as needed. There are two elderly/disabled housing complexes located in Thomaston, 63 units of which are run by the Thomaston Housing Authority and 27 units are subsidized but privately owned. One complex has a meal site and meals are delivered to qualified tenants. The McMahon Senior Center, constructed in 1990, offers a number of activities to Thomaston's senior residents. Senior citizen meetings are well attended, and there is an active Senior Advisory Board that meets monthly to address needs and issues. The Town owns and operates a senior mini-bus to provide transportation for the elderly and disabled.

## **Employee Relations and Collective Bargaining**

### **Municipal Employees**

	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
General Government ....	59	60	57	57	55
Board of Education .....	158	142	163	164	166
<b>Total .....</b>	<b>217</b>	<b>202</b>	<b>220</b>	<b>221</b>	<b>221</b>

## **Employees Bargaining Organizations**

<b>Employees</b>	<b>Bargaining Unit</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
Public Works.....	AFSCME, Council #14	7	6/30/2019
Police.....	AFSCME, Council #15	12	6/30/2020
Board of Education.....	AFSCME	49	6/30/2020
Sewer.....	C.S.E.A., Inc./SEIW AFL-CIO	6	6/30/2018 <sup>1</sup>
Clerical.....	C.S.E.A., Inc./SEIW AFL-CIO	9	6/30/2019
Teachers.....	Thomaston Education Association	83	6/30/2019
Administrators.....	Thomaston Administrators Association	6	6/30/2020
<b>Total.....</b>		<b>172</b>	

<sup>1</sup> In negotiations

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. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, 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. For binding arbitration of all other municipal employee contracts there is an irrefutable presumption that 15% of the municipal employer's budget reserves 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 wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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## Education System

The Thomaston Public Schools are governed by a nine-member Board of Education. The system comprises three facilities: an elementary school, a middle school and a high school. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

### School Facilities

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2017</b>	<b>Operating Capacity</b>
Black Rock Elementary.....	Pre-K-3	1954 (1956, 1968, 1998)	23	280	489
Thomaston Center.....	4-6	1939 (1960, 1989, 2005)	25	190	510
Thomaston High.....	7-12	1980 (1989, 2004)	43	405	680
<b>Total .....</b>			91	875	1,679

### School Enrollment and Projections

<b>School Year</b>	<b>Grades Pre-K - 3</b>	<b>Grades 4 - 6</b>	<b>Grades 7 - 12</b>	<b>Total</b>
<b>Historical</b>				
2008-09	382	282	552	1,216
2009-10	348	262	553	1,163
2010-11	344	256	518	1,118
2011-12	339	239	476	1,054
2012-13	310	256	438	1,004
2013-14	284	240	415	939
2014-15	264	246	390	900
2015-16	263	248	387	898
2016-17	264	205	427	896
2017-18	280	190	405	875
<b>Projected</b>				
2018-19	264	190	405	859
2019-20	280	190	405	875
2020-21	280	190	405	875

Source: Town of Thomaston, Board of Education.

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### III. Economic and Demographic Information

#### Population and Density

Year	Actual		Density <sup>2</sup>
	Population <sup>1</sup>	% Increase	
2016 <sup>3</sup>	7,699	-2.4%	641.6
2010	7,887	5.1%	657.3
2000	7,503	8.0%	625.3
1990	6,947	11.3%	578.9
1980	6,240	0.1%	520.0
1970	6,233	6.5%	519.4
1960	5,850	--	487.5

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

<sup>2</sup> Per square mile: 12.0 square miles.

<sup>3</sup> American Community Survey 2012-2016

#### Age Distribution of the Population

Age	Town of Thomaston		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	268	3.5%	188,812	5.3%
5 to 9 years .....	496	6.4	210,557	5.9%
10 to 14 years .....	460	6.0	228,543	6.4%
15 to 19 years .....	537	7.0	252,522	7.0%
20 to 24 years .....	398	5.2	242,007	6.7%
25 to 34 years .....	972	12.6	438,471	12.2%
35 to 44 years .....	875	11.4	439,606	12.3%
45 to 54 years .....	1,215	15.8	545,977	15.2%
55 to 59 years .....	666	8.7	263,778	7.4%
60 to 64 years .....	623	8.1	223,274	6.2%
65 to 74 years .....	650	8.4	303,959	8.5%
75 to 84 years .....	380	4.9	163,137	4.5%
85 years and over .....	159	2.1	87,927	2.5%
<b>Total.....</b>	<b>7,699</b>	<b>100%</b>	<b>3,588,570</b>	<b>100%</b>
Median Age (Years) 2016.....	44.0		40.6	
Median Age (Years) 2010. <sup>1</sup> .....	42.7		40.5	

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

Source: American Community Survey 2012-2016

#### Income Distribution

Income	Town of Thomaston		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	59	2.8%	29,623	3.3%
10,000 - 14,999.....	-	0.0	17,060	1.9%
15,000 - 24,999.....	89	4.3	44,354	5.0%
25,000 - 34,999.....	86	4.1	54,456	6.1%
35,000 - 49,999.....	212	10.2	81,300	9.1%
50,000 - 74,999.....	474	22.8	137,336	15.4%
75,000 - 99,999.....	383	18.4	124,033	13.9%
100,000 - 149,999.....	568	27.3	186,214	20.8%
150,000 - 199,999.....	172	8.3	96,075	10.7%
200,000 and over.....	39	1.9	123,962	13.9%
<b>Total.....</b>	<b>2,082</b>	<b>100.0%</b>	<b>894,413</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### Income Levels

	<b>Town of Thomaston</b>	<b>State of Connecticut</b>
Per Capita Income, 2016 .....	\$ 31,367	\$ 39,906
Median Family Income, 2016 .....	\$ 82,250	\$ 91,274
Median Household Income, 2016 .....	\$ 65,901	\$ 71,755

*Source: American Community Survey 2012-2016*

### Educational Attainment (Years of School Completed Age 25 and Over)

	<b>Town of Thomaston</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	128	2.3%	103,279	4.2%
9th to 12th grade.....	370	6.7	139,653	5.7
High School graduate.....	2,055	37.1	673,220	27.3
Some college, no degree.....	1,198	21.6	427,232	17.3
Associate's degree .....	522	9.4	184,426	7.5
Bachelor's degree.....	794	14.3	524,370	21.3
Graduate or professional degree.....	473	8.5	413,949	16.8
<b>Total.....</b>	<b>5,540</b>	<b>100.0%</b>	<b>2,466,129</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		91.0%		90.1%
Total bachelor's degree or higher (%).....		22.9%		38.0%

*Source: American Community Survey 2012-2016*

### Employment Data

<b>Period</b>	<b>Town of Thomaston</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Thomaston</b>	<b>Waterbury Labor Market</b>	<b>State of Connecticut</b>
April 2018 .....	4,527	174	3.7	5.3	4.3
<b>Annual Average</b>					
2017.....	4,554	188	4.0	5.9	4.7
2016.....	4,523	210	4.4	6.5	5.3
2015.....	4,569	236	4.9	7.1	5.6
2014.....	4,227	294	6.5	8.9	6.7
2013.....	4,143	352	7.8	10.5	7.9
2012.....	4,189	387	8.5	9.2	8.3
2011.....	4,296	392	8.4	11.6	8.8
2010.....	4,261	438	9.3	12.8	9.0
2009.....	4,321	419	8.8	11.1	8.2
2008.....	4,373	290	6.2	7.6	5.7

*Source: State of Connecticut, Department of Labor.*

### **Employment by Industry**

<b>Sector</b>	<b>Town of Thomaston</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.....	21	0.5%	7,209	0.4%
Construction.....	285	6.9	101,497	5.7
Manufacturing.....	618	15.0	190,713	10.6
Wholesale trade.....	83	2.0	45,110	2.5
Retail trade.....	584	14.1	193,853	10.8
Transportation warehousing, and utilities....	231	5.6	66,516	3.7
Information.....	80	1.9	42,374	2.4
Finance, insurance, real estate, and leasing..	157	3.8	163,765	9.1
Professional, scientific, management, administrative, and waste management....	221	5.3	206,042	11.5
Education, health and social services.....	1,118	27.1	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	153	3.7	153,754	8.6
Other services (except public admin.).....	301	7.3	81,588	4.5
Public Administration.....	279	6.8	66,291	3.7
<b>Total Labor Force, Employed.....</b>	<b>4,131</b>	<b>100.0%</b>	<b>1,793,688</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### **Major Employers As of June 2018**

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Albéa, Inc.....	Manufacturing	379
State of Connecticut.....	State Government	250
Town of Thomaston.....	Municipality	217
Thomaston Savings Bank.....	Banking	192
Ward Leonard Electric, Inc.....	Manufacturing	135
UniMetal.....	Metal Finishing	131
Stewart Eyelets for Industry, Inc.....	Manufacturing	128
Summit Corporation of America.....	Electroplating	67
WHYCO Chromium, Inc.....	Manufacturing	40
Stevens Co., Inc.....	Manufacturing	34

### **Building Permits**

<b>Fiscal Year Ending 6/30</b>	<b>All Activity Total Value</b>
2018 <sup>1</sup>	\$ 12,060,587
2017	12,861,957
2016	6,067,422
2015	6,516,424
2014	6,121,455
2013	6,397,545
2012	4,791,312
2011	2,626,900
2010	3,678,933
2009	5,146,081

<sup>1</sup> Represents July 1, 2017 through May 1, 2018.

### **Housing Unit Inventory and Vacancy Rates**

<b>Housing Units</b>	<b>Town of Thomaston</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	2,162	68.1%	882,236	59.1%
1-unit, attached.....	201	6.3	80,639	5.4
2 units.....	205	6.5	123,152	8.2
3 or 4 units.....	195	6.1	130,686	8.7
5 to 9 units.....	227	7.1	82,581	5.5
10 to 19 units.....	84	2.6	56,858	3.8
20 or more units.....	76	2.4	125,758	8.4
Mobile home.....	25	0.8	11,534	0.8
Boat, RV, van, etc.....	-	-	354	0.0
<b>Total Inventory.....</b>	<b>3,175</b>	<b>100.0%</b>	<b>1,493,798</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### **Owner Occupied Housing Units**

<b>Specified Owner-Occupied Units</b>	<b>Town of Thomaston</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	48	2.0%	24,343	2.7%
\$50,000 to \$99,000.....	201	8.5	29,703	3.3
\$100,000 to \$149,999.....	370	15.7	81,158	9.0
\$150,000 to \$199,000.....	521	22.2	139,979	15.5
\$200,000 to \$299,999.....	744	31.6	246,071	27.3
\$300,000 to \$499,999.....	460	19.6	233,345	25.9
\$500,000 to \$999,999.....	-	-	104,952	11.7
\$1,000,000 or more.....	8	0.3	40,672	4.5
<b>Total.....</b>	<b>2,352</b>	<b>100.0%</b>	<b>900,223</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$205,100</b>		<b>\$269,300</b>	

Source: American Community Survey 2012-2016

### **Age Distribution of Housing**

<b>Year Built</b>	<b>Town of Thomaston</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	802	25.3%	334,202	22.4%
1940 to 1969.....	990	31.2	533,202	35.7
1970 to 1979.....	271	8.5	200,614	13.4
1980 to 1989.....	493	15.5	190,755	12.8
1990 to 1999.....	332	10.5	113,584	7.6
2000 or 2009.....	274	8.6	104,308	7.0
2010 or later.....	13	0.4	17,133	1.1
<b>Total Housing Units .....</b>	<b>3,175</b>	<b>100.0%</b>	<b>1,493,798</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### **Plan of Development**

A ten year Plan of Conservation and Development is now under way. The plan is intended to address all aspects of governmental services including economic development. One aspect of the plan is to establish goals and develop a plan for the Downtown Development District in conjunction with local merchants.

All of the Town's parcels have been digitized through a grant obtained for the Town by the Council of Governments Central Naugatuck Valley.

### ***Breakdown of Land Use***

<b><i>Land Use Category</i></b>	<b><i>Acreage</i></b>	<b><i>Percent</i></b>
Residential.....	2,603	33.6%
Commercial.....	122	1.6
Industrial.....	182	2.4
Agricultural.....	67	0.9
Community Facilities (town buildings, schools, etc).....	124	1.6
Transportation/Utilities (incl State & Utility ROW).....	735	9.5
Open space, forest land, wetlands, water bodies and cemeteries.....	1,988	25.7
Other, Undeveloped.....	1,917	24.8
<b><i>Total.....</i></b>	<b><i>7,738</i></b>	<b><i>100.0%</i></b>

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## **IV. Tax Base Data**

### ***Property Tax Assessment***

The Town last completed a physical revaluation effective on the grand list of October 1, 2015. Under Section 12-62 of the General Statutes, the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring and verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the grand list are the responsibilities of the Assessor's Office. The grand list represents the total assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real and personal property are computed at 70% of the estimated market value at the time of the last general revaluation while assessments for motor vehicles are computed at 70% of the annual appraisal of motor vehicles.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure is classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically.

Motor vehicle lists are furnished to the Town by the State of Connecticut, and appraisals of motor vehicles are taken from the National Automobile Dealers Association pricing schedules as of October 1 of each year. This list is promulgated by the Committee of Connecticut Assessors and approved by the State Commissioner of the Department of Revenue Services. 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 grand list. The tax is not due until January 1, a year and three months after the grand list date.

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

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed in the following July and are payable in two installments on July 1 and January 1. Motor vehicle taxes and real and personal property taxes under \$100 are payable in full on July 1. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1 ½% per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lienied each year prior to June 30, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after 3 years, at which time they cease to be carried as receivables. Real estate accounts are transferred to a suspense account 15-years after the due date in accordance with State statutes.

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 (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable which are not expected to be collected during the available period are reflected as a deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

### Property Tax Collections

<b>Fiscal Year Ending 6/30</b>	<b>Grand List of 10/1</b>	<b>Net Taxable Grand List (000s)</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2017<sup>1</sup></b>
2018 <sup>1</sup>	2016	\$ 547,676,208	35.05	\$ 19,205,000	<i>IN COLLECTION</i>		
2017	2015	546,138,523	34.07	18,744,659	98.9%	1.11%	1.11%
2016	2014	540,231,844	33.63	18,294,050	98.8%	1.16%	0.30%
2015 <sup>2</sup>	2013	533,917,497	33.63	17,859,846	98.7%	1.32%	0.18%
2014	2012	539,424,184	33.13	17,879,100	98.5%	1.50%	0.15%
2013	2011	538,276,035	32.83	17,645,073	98.4%	1.60%	0.08%
2012	2010	614,868,113	26.98	16,626,776	98.2%	1.80%	0.06%
2011	2009	607,818,174	26.98	16,462,140	98.4%	1.60%	0.05%
2010 <sup>2</sup>	2008	612,278,500	26.28	16,070,948	97.6%	2.40%	0.05%
2009	2007	613,301,069	26.28	16,017,616	96.8%	3.20%	0.00%

<sup>1</sup> Subject to audit.

<sup>2</sup> Revaluation.

Sources: Tax Collector's Office, Town of Thomaston.

### Property Taxes Receivable

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2017	\$ 207,226	\$ 361,980
2016	212,874	353,338
2015	236,641	554,303
2014	264,173	639,367
2013	280,132	681,132
2012	301,808	858,927
2011	269,178	933,892
2010	383,811	1,255,183
2009	506,295	1,377,834

### Principal Taxpayers

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List<sup>1</sup></b>
Albéa.....	Manufacturing	\$ 9,906,040	1.80%
Connecticut Light & Power.....	Utility	9,735,210	1.77%
Thomaston Savings Bank.....	Banking	3,864,000	0.70%
Yankee Gas Services Company.....	Utility	3,827,720	0.69%
Connecticut Water Company.....	Utility	3,467,690	0.63%
Thomaston Valley Village.....	Real Estate	3,137,750	0.57%
GLC Associates One, LLC.....	Real Estate	2,723,770	0.49%
Summit Corp of America.....	Manufacturing	2,654,960	0.48%
Tyler Properties LLC.....	Real Estate	2,405,900	0.44%
Subs Realty LLC.....	Real Estate	2,238,040	0.41%
<b>Total.....</b>		<b>\$ 43,961,080</b>	<b>7.97%</b>

<sup>1</sup> Based on October 1, 2017 Net Taxable Grand List of \$551,502,919.

Source: Tax Assessor, Town of Thomaston



**Comparative Assessed Valuations  
of Taxable Property**

<b>Grand List of 10/1</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Real Property (%)</b>	<b>Other Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemption</b>	<b>Net Taxable Grand List</b>	<b>Percent Change</b>
2017	61.3	11.7	5	11.9	10.1	\$ 585,006,604	\$ 33,503,685	\$ 551,502,919	0.01
2016	61.6	11.7	4.9	11.7	10.1	581,762,988	34,086,780	547,676,208	0.00
2015 <sup>1</sup>	62.3	11.2	4.8	11.8	10.0	580,723,966	34,585,443	546,138,523	0.01
2014	62.9	11.1	4.8	11.3	9.9	572,599,716	32,367,872	540,231,844	0.01
2013	63.9	11.2	4.8	10.1	9.9	563,242,631	29,325,134	533,917,497	(1.02)
2012	63.6	11.1	5	10.5	9.8	566,474,398	27,050,214	539,424,184	0.21
2011	63.3	11.5	4.9	10.6	9.6	566,187,646	27,911,611	538,276,035	(12.46)
2010 <sup>1</sup>	70.0	10.9	2.7	8.6	7.8	643,012,759	28,144,646	614,868,113	1.16
2009	70.9	10.8	2.7	7.7	7.8	632,294,521	24,476,347	607,818,174	(0.73)
2008	71.6	11	1.7	7.8	7.9	633,284,996	21,006,496	612,278,500	(0.17)

<sup>1</sup> Revaluation.

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**V. Debt Summary**  
**Long-Term Bonded Debt**  
**As of July 17, 2018**  
**(Pro Forma)**

<b>Long-Term Debt</b>			<b>Amount of</b>	<b>Outstanding</b>	<b>Final</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original Issue</b>	<b>After This Issue</b>	<b>Fiscal Year Maturity</b>
02/28/02	Clean Water Fund.....	2.00	\$ 3,290,165	\$ 1,461,871	2021
02/05/10	General Purpose Refunding, Series B...	1.50-3.00	2,820,000	285,000	2019
12/02/10	General Purpose Refunding, Series C...	2.00-4.00	6,945,000	2,455,000	2024
05/01/13	General Purpose.....	2.00-4.00	6,395,000	5,035,000	2033
11/06/14	General Purpose.....	3.00-4.00	6,025,000	4,975,000	2034
05/27/15	Refunding (General Purpose).....	2.75-4.00	5,680,000	4,395,000	2030
05/27/15	Refunding (Schools).....	2.75-4.00	775,000	775,000	2030
<b>Total Outstanding.....</b>			<b>\$ 31,930,165</b>	<b>\$ 19,381,871</b>	
<b>This Issue</b>					
07/17/18	General Purpose.....	<i>tbd</i>	\$ 8,415,000	\$ 8,415,000	2039
<b>Sub-Total This Issue.....</b>			<b>\$ 8,415,000</b>	<b>\$ 8,415,000</b>	
<b>Total.....</b>			<b>\$ 40,345,165</b>	<b>\$ 27,796,871</b>	

**Short Term Debt**  
**As of July 17, 2018**  
**(Pro-Forma)**

The Town does not have short-term debt as of July 17, 2018.

**Other Commitments**

In 1998, the Town settled a claim relating to contamination resulting from use of underground storage tanks. The Town is working with the State on a plan of remediation it filed with the State of Connecticut Department of Environmental Protection. Under the terms of the remediation plan, the Town will be responsible for annual operation and maintenance costs relating to the remediation system. Since the remediation system was started in 1996, petroleum constituents in ground water have decreased more than ten-fold and free-phase gasoline has been eliminated. The Town engineer has implemented new technologies with its engineering services consultant and reduced the Town's annual expenditures in fiscal year 2013-14 to less than \$25,000. Efforts to accelerate the petroleum degradation could reduce the overall operation to as little as five years; however, testing and monitoring will continue until concentrations no longer exceed regulatory standards.

**Annual Bonded Debt Maturity Schedule  
As of July 17, 2018  
(Pro Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This Issue</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2019	\$ 2,432,318	\$ 573,873	\$ 3,006,191	\$ -	\$ 2,432,318	8.75%
2020	2,152,861	501,405	2,654,266	485,000	2,637,861	18.24%
2021	1,966,692	434,128	2,400,820	485,000	2,451,692	27.06%
2022	1,415,000	384,681	1,799,681	485,000	1,900,000	33.90%
2023	1,405,000	340,131	1,745,131	485,000	1,890,000	40.69%
2024	1,395,000	298,213	1,693,213	485,000	1,880,000	47.46%
2025	1,385,000	255,875	1,640,875	485,000	1,870,000	54.19%
2026	980,000	214,800	1,194,800	485,000	1,465,000	59.46%
2027	975,000	185,400	1,160,400	485,000	1,460,000	64.71%
2028	965,000	157,050	1,122,050	480,000	1,445,000	69.91%
2029	965,000	128,975	1,093,975	480,000	1,445,000	75.11%
2030	965,000	99,500	1,064,500	400,000	1,365,000	80.02%
2031	610,000	69,413	679,413	400,000	1,010,000	83.65%
2032	610,000	50,425	660,425	400,000	1,010,000	87.28%
2033	610,000	32,125	642,125	400,000	1,010,000	90.92%
2034	275,000	13,234	288,234	400,000	675,000	93.34%
2035	275,000	4,469	279,469	315,000	590,000	95.47%
2036	-	-	-	315,000	315,000	96.60%
2037	-	-	-	315,000	315,000	97.73%
2038	-	-	-	315,000	315,000	98.87%
2039	-	-	-	315,000	315,000	100.00%
<b>Total.....</b>	<b>\$19,381,871</b>	<b>\$ 3,743,697</b>	<b>\$ 23,125,568</b>	<b>\$ 8,415,000</b>	<b>\$ 27,796,871</b>	

**Overlapping/Underlying Debt**

The Town of Thomaston has neither overlapping nor underlying debt.

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

**Debt Statement  
As of July 17, 2018  
(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (Includes this Issue) .....	\$ 25,560,000
Schools .....	775,000
Sewer .....	-
<b>Total Long-Term Debt</b> .....	<b>26,335,000</b>
<b>Short-Term Debt</b> .....	<b>-</b>
<b>Total Direct Debt</b> .....	<b>26,335,000</b>
Less: School Construction Grants Receivable (As of June 30, 2018) <sup>1</sup> .....	(141,263)
<b>Total Direct Net Debt</b> .....	<b>26,193,737</b>
<b>Overlapping/Underlying Debt</b> .....	<b>-</b>
<b>Total Overall Net Debt</b> .....	<b>\$ 26,193,737</b>

<sup>1</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios  
As of July 17, 2018  
(Pro Forma)**

Population <sup>1</sup> .....	7,699
Net Taxable Grand List at 70% of Full Value (10/1/17) .....	\$ 551,502,919
Estimated Full Value .....	\$ 787,861,313
Equalized Net Taxable Grand List (10/1/15) <sup>2</sup> .....	\$ 763,493,537
Money Income per Capita (2016) <sup>1</sup> .....	\$ 31,367

	<b>Total Direct Debt:</b>	<b>Total Direct Net Debt:</b>
	<b>\$26,335,000</b>	<b>\$26,193,737</b>
Debt per Capita.....	\$3,420.57	\$3,402.23
Ratio to Net Taxable Grand List.....	4.78%	4.75%
Ratio to Estimated Full Value.....	3.34%	3.32%
Ratio to Equalized Grand List.....	3.45%	3.43%
Debt per Capita to Money Income per Capita.....	10.91%	10.85%

<sup>1</sup> American Community Survey 2012-2016

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

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## ***Temporary Financing***

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

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

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

## ***Authority to Incur Debt***

The Town of Thomaston has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds is authorized by the voters of the Town (either at Town Meeting or referendum) upon the recommendation of the Board of Finance, except for the issuance of refunding bonds, which need to be authorized by only the Board of Selectmen. Bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

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**Statement of Statutory Debt Limitation  
As of July 17, 2018  
(Pro Forma)**

**Total Tax Collections** (including interest and lien fees)

For the year ended June 30, 2017 ..... \$ 18,837,707

**Reimbursement For Revenue Loss:**

Tax relief for elderly..... -

**Base for Debt Limitation Computation.....** \$ 18,837,707

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 42,384,841	-	-	-	-
4 1/2 times base.....	-	\$ 84,769,682	-	-	-
3 3/4 times base.....	-	-	\$ 70,641,401	-	-
3 1/4 times base.....	-	-	-	\$ 61,222,548	-
3 times base.....	-	-	-	-	\$ 56,513,121
<b>Total Debt Limitation.....</b>	<b>\$ 42,384,841</b>	<b>\$ 84,769,682</b>	<b>\$ 70,641,401</b>	<b>\$ 61,222,548</b>	<b>\$ 56,513,121</b>

**Indebtedness:**

Bonds Outstanding.....	\$ 17,145,000	\$ 775,000	\$ -	\$ -	\$ -
Bonds (This Issue).....	8,415,000	-	-	-	-
Notes (This Issue).....	-	-	-	-	-
Debt Authorized But Unissued .....	1,312,047	-	-	-	-
<b>Total Indebtedness.....</b>	<b>\$ 26,872,047</b>	<b>\$ 775,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Less:**

State School Grants Receivable <sup>1</sup> ..... - (141,263) - - -

**Total Net Indebtedness.....** 26,872,047 633,737 - - -

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS.....** \$ 15,512,794 \$ 84,135,945 \$ 70,641,401 \$ 61,222,548 \$ 56,513,121

<sup>1</sup> The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$131,863,949.

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**Authorized But Unissued Debt <sup>1</sup>**  
**As of July 17, 2018**  
**(Pro Forma)**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Maturing Notes Due: 7/17/18</b>	<b>Grants/ Paydowns Applied</b>	<b>New Money</b>	<b>This Issue: The Bonds</b>	<b>Authorized but Unissued</b>
Fire Truck.....	\$ 600,000	\$ 540,000	\$ -	\$ -	\$ 540,000	\$ 60,000
Pay Loader.....	150,000	130,000	-	-	130,000	20,000
Public Works Dump Truck.....	150,197	150,000	-	-	150,000	197
Engineering - Roads.....	212,000	212,000	-	-	212,000	-
Engineering - Hickory Hill.....	283,000	283,000	-	-	283,000	-
Dump Truck (2016).....	44,900	44,900	(44,900)	-	-	-
Nystroms - Phase II - Track.....	2,350,000	2,350,000	-	-	2,350,000	-
Reconstruction & Repair of Roads.....	3,270,000	2,457,950	-	243,050	2,701,000	569,000
Fire Truck (Ladder Truck).....	769,000	-	-	769,000	769,000	-
WPCA Phosphorus Removal.....	725,000	62,150	(62,150)	-	-	662,850
WPCA Sewer Lines.....	1,390,000	1,390,000	(110,000)	-	1,280,000	-
<b>Total .....</b>	<b>\$ 9,944,097</b>	<b>\$ 7,620,000</b>	<b>\$ (217,050)</b>	<b>\$ 1,012,050</b>	<b>\$ 8,415,000</b>	<b>\$ 1,312,047</b>

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value <sup>1</sup></b>	<b>Net Long-Term Debt <sup>2</sup></b>	<b>Ratio of Net Long-Term Debt to Assessed Value (%)</b>	<b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b>	<b>Population <sup>2</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup> (%)</b>
2017	\$ 546,138,523	\$ 780,197,890	\$ 21,833,856	4.00%	2.80%	7,699	\$ 2,835.93	9.04%
2016	540,231,844	771,759,777	24,325,710	4.50%	3.15%	7,699	3,159.59	10.07%
2015	533,917,497	762,739,281	27,006,140	5.06%	3.54%	7,699	3,507.75	11.18%
2014	539,424,184	770,605,977	23,086,374	4.28%	3.00%	7,699	2,998.62	9.56%
2013	538,276,035	768,965,764	25,390,821	4.72%	3.30%	7,699	3,297.94	10.51%

<sup>1</sup> Assessment Ratio: 70%.

<sup>2</sup> American Community Survey 2012-2016.

<sup>3</sup> Money Income per Capita: American Community Survey 2012-2016 data: \$31,367 used for all calculations.

**Ratio of Annual Debt Service to  
Total General Fund Expenditures**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018 <sup>2</sup>	\$ 3,102,554	\$ 26,369,551	11.77%
2017	3,311,111	28,220,782	11.73%
2016	3,429,658	26,850,934	12.77%
2015	3,225,948	26,749,203	12.06%
2014	3,160,623	24,149,697	13.09%
2013	2,772,736	22,471,671	12.34%
2012	2,618,423	22,120,554	11.84%
2011	2,677,562	20,760,159	12.90%
2010	2,585,252	23,596,612	10.96%
2009	2,570,603	24,149,697	10.64%

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

<sup>2</sup> Budgetary Basis of accounting. Subject to audit.

Source: Annual Audited Financial Statements.

## VI. Financial Information

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ending June 30, 2014 through 2017 have been derived from audited financial statements. The projected actual for Fiscal Year 2018 and budget for Fiscal Year 2019 is provided by the Town. The Town's independent accountants have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town of Thomaston's management.

### General Fund Revenues, Expenditures and Changes in Fund Balance

	Adopted Budget <sup>1</sup> 6/30/2019	Projected <sup>1</sup> 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014
<b>Revenues:</b>						
Property Taxes .....	\$ 19,655,857	\$ 19,102,990	\$ 18,880,582	\$ 18,477,767	\$ 18,337,484	\$ 18,134,271
Intergovernmental Revenues .....	6,401,820	6,260,825	9,107,312	8,198,506	8,030,707	8,298,939
Investment Income .....	40,000	15,000	39,490	16,030	9,846	6,208
Charges For Services .....	319,841	295,736	311,543	328,567	365,467	266,698
Other Revenue .....	5,000	5,000	55,369	57,426	17,773	31,062
<b>Total.....</b>	<b>26,422,518</b>	<b>25,679,551</b>	<b>28,394,296</b>	<b>27,078,296</b>	<b>26,761,277</b>	<b>26,737,178</b>
<b>Expenditures:</b>						
General Government .....	3,857,532	4,107,309	3,719,358	3,628,834	3,690,634	3,494,547
Public Safety .....	1,861,948	1,747,213	1,719,481	1,616,224	1,553,218	1,522,893
Public Works .....	1,776,626	1,762,359	1,785,656	1,566,665	1,635,579	1,637,099
Health and Welfare .....	95,514	92,812	82,675	85,307	84,315	81,645
Culture and Recreation .....	445,894	414,751	408,981	448,276	426,054	407,406
Housing and Development .....	148,567	157,000	150,534	144,739	138,100	108,882
Education .....	15,069,534	14,870,691	17,115,585	15,809,352	15,560,482	15,838,445
Debt Service <sup>2</sup> .....	-	-	-	-	-	-
Capital Outlay .....	246,903	-	3,006	2,125	-	-
Other .....	35,000	-	-	-	-	-
<b>Total.....</b>	<b>23,537,518</b>	<b>23,152,135</b>	<b>24,985,276</b>	<b>23,301,522</b>	<b>23,088,382</b>	<b>23,090,917</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>2,885,000</b>	<b>2,527,416</b>	<b>3,409,020</b>	<b>3,776,774</b>	<b>3,672,895</b>	<b>3,646,261</b>
<b>Other Financing Sources (uses):</b>						
Appropriation of Fund Balance .....	115,000	675,000	-	-	-	-
Sale of Capital Assets .....	-	-	803	8,308	-	-
Operating Transfers In .....	-	15,000	15,000	39,736	15,000	15,000
Operating Transfers Out .....	(3,000,000)	(3,217,416)	(3,235,506)	(3,549,412)	(3,660,821)	(3,537,590)
<b>Total Other Financing Sources (uses).....</b>	<b>(2,885,000)</b>	<b>(2,527,416)</b>	<b>(3,219,703)</b>	<b>(3,501,368)</b>	<b>(3,645,821)</b>	<b>(3,522,590)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses.....</b>	<b>-</b>	<b>-</b>	<b>189,317</b>	<b>275,406</b>	<b>27,074</b>	<b>123,671</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>3,631,906</b>	<b>3,631,906</b>	<b>3,442,589</b>	<b>3,167,183</b>	<b>3,140,109</b>	<b>3,016,438</b>
<b>Fund Balance, End of Year.....</b>	<b>\$ 3,631,906</b>	<b>\$ 3,631,906</b>	<b>\$ 3,631,906</b>	<b>\$ 3,442,589</b>	<b>\$ 3,167,183</b>	<b>\$ 3,140,109</b>

<sup>1</sup> Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

<sup>2</sup> Debt service is paid out of the debt service fund.



### Historical General Fund Balance Sheet And Fund Balance

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Assets</b>					
Cash.....	\$ 269,254	\$ 960,414	\$ 399,278	\$ 641,545	\$ 2,014,965
Investments.....	10,530,108	6,514,974	5,907,835	5,141,794	4,920,012
Receivables:					
Property Taxes .....	361,980	353,338	554,303	639,367	681,132
Other .....	89,540	79,316	92,549	88,452	173,458
Intergovernmental .....	-	-	-	54,334	86,284
Due From Other Funds .....	222,455	85,716	199,848	601,516	5,288,341
Other Assets.....	7,962	7,057	8,142	8,142	9,061
<b>Total Assets .....</b>	<b>11,481,299</b>	<b>8,000,815</b>	<b>7,161,955</b>	<b>7,175,150</b>	<b>13,173,253</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	321,964	513,541	455,929	378,064	563,471
Accrued Payroll.....	335,979	566,167	367,380	92,742	100,524
Due to Other Funds.....	6,791,066	3,085,538	2,668,216	2,964,704	8,841,532
Unearned Revenue.....	6,690	-	-	-	-
<b>Total Liabilities .....</b>	<b>7,455,699</b>	<b>4,165,246</b>	<b>3,491,525</b>	<b>3,435,510</b>	<b>9,505,527</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue-Property Taxes....	361,980	353,338	454,737	542,153	651,288
Unavailable Revenue-Sewer Assess.....	31,714	39,642	48,510	57,378	-
<b>Total Deferred Inflows of Revenue....</b>	<b>393,694</b>	<b>392,980</b>	<b>503,247</b>	<b>599,531</b>	<b>651,288</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	675,000	102,266	160,000	250,000	315,000
Unassigned.....	2,956,906	3,340,323	3,007,183	2,890,109	2,701,438
<b>Total Fund Balance .....</b>	<b>3,631,906</b>	<b>3,442,589</b>	<b>3,167,183</b>	<b>3,140,109</b>	<b>3,016,438</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances ....</b>	<b>11,481,299</b>	<b>8,000,815</b>	<b>7,161,955</b>	<b>7,175,150</b>	<b>13,173,253</b>
<b>Analysis of General Fund Balance</b>					
Operating revenues .....	\$28,394,296	\$27,078,296	\$26,761,277	\$26,737,176	\$26,319,519
Fund balance as a percent of operating revenues .....	12.79%	12.71%	11.83%	11.74%	11.46%
Unassigned fund balance as a percent of operating revenues .....	10.41%	12.34%	11.24%	10.81%	10.26%

### Intergovernmental Revenues as Percent of General Fund Revenues

<b>Fiscal Year Ended 6/30</b>	<b>Intergovernmental Revenues</b>	<b>Total Revenues</b>	<b>Percent</b>
2018 <sup>1</sup>	\$ 6,260,825	\$ 25,679,551	24.38%
2017	9,107,312	28,394,296	32.07%
2016	8,198,506	27,078,296	30.28%
2015	8,030,707	26,761,277	30.01%
2014	8,298,939	26,737,178	31.04%
2013	8,104,930	26,319,519	30.79%
2012	8,001,718	25,226,210	31.72%

<sup>1</sup> Subject to audit.

Source: Annual Audited Financial Statements.

## ***Accounting Policies and Basis of Accounting***

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 Town's accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applied to governmental units. (See "Appendix A – 2017 General Purpose Financial Statements" herein.)

## ***Audit***

The Town of Thomaston, 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 Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

## ***Budget Adoption Procedure***

During the month of February, each Town Department submits a budget proposal for review by the Board of Finance. On the second Tuesday in May, the Board of Finance submits to the Annual Town Meeting a proposed operating budget for the fiscal year commencing on July 1, and taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1, the budget is legally adopted by vote at a Town Meeting.

## ***Municipal Budget Expenditures Cap***

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

## ***Capital Improvement Plan***

At a Town Meeting in 1995, the Town approved a resolution which established a Long-Range Capital Improvement Committee comprising representation from the Board of Selectmen, the Board of Finance, and Planning and Zoning Commission, in addition to the Town Treasurer and a Town resident. The Committee's function is to review long-range capital needs of various departments and to make annual recommendations to the Board of Finance for the ensuing five-year period. Each January, the Committee schedules a series of bi-weekly meetings to consider department submittals. The Committee then prepares a recommendation of projects on a priority basis, contemplating such factors as affordability, need, and urgency. In conjunction with the annual budget process, the Board of Finance has found the capital improvement plan process helpful in encouraging departments to regularly assess and establish a long-term plan of action which includes documenting and justifying the need for major capital expenditures.

The Committee continues to review other projects which may require long-term borrowing in the future.

## Pension Programs

The Town has a single-employer, defined benefit pension plan, covering full-time employees, except certified teachers, the First Selectman, non-union employees hired after May 1, 2010, police union employees hired after November 1, 2011 and sewer union employees hired after July 1, 2012. The plan was created by a Town ordinance. All eligible full-time employees who work at least 1,250 hours per year may participate in the Town's pension plan. Benefits are fully vested after ten years of full-time employment. Normal retirement from Town service is: for police, at age 50 with 10 years of credited service, or 25 years of credited service; all others hired after June 30, 1997, age 65 or 25 years of credited service; all others hired on or before June 30, 1997, age 55 or 25 years of credited service.

### Schedule of Funding Process

<b>Fiscal Year Ended</b>	<b>Plan Net Position (a)</b>	<b>Total Pension Liability (b)</b>	<b>Net Pension Liability (b-a)</b>	<b>Funded Ratio (a/b)</b>
6/30/2014	\$ 14,297,685	\$ 18,651,143	\$ (4,353,458)	76.7%
6/30/2015	14,610,236	19,636,752	(5,026,516)	74.4%
6/30/2016	14,640,061	20,251,046	(5,610,985)	72.3%
6/30/2017	16,308,079	20,501,553	(4,193,474)	79.5%

### Schedule of Employer Contribution

<b>Fiscal Year Ended</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contribution in Relation to the ADC</b>	<b>% of ADC Contributed</b>
6/30/2012	\$ 852,964	\$ 913,000	107.0%
6/30/2013	824,021	895,000	108.6%
6/30/2014	734,912	924,999	125.9%
6/30/2015	741,399	830,000	112.0%
6/30/2016	714,209	800,000	112.0%
6/30/2017	657,455	790,000	120.2%

Teachers participate in a contributory retirement plan administered by the State of Connecticut Teachers' Retirement Board. Neither the Town nor the Board of Education contributes to the retirement fund. All certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings. The State of Connecticut makes contributions to the system based on an actuarial study performed utilizing the total payroll of covered teachers in the State.

See Appendix A – "2017 General Purpose Financial Statements," Note IV.C.

## Other Post-Employment Benefits

The Town administers two single-employer, post-employment healthcare plans, Town of Thomaston (Police, Sewer, Highway, Non-Union and White Collar) and the Board of Education (Administrators, AFSCME, Non-Union, Superintendent, Teachers and Non-Union Cafeteria) to employees who retire from Town service. The Town plan provides medical and dental benefits for eligible retirees and their spouses. The Board of Education plan provides medical, dental and life insurance benefits for eligible retirees and their spouses.

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town and the Board of Education's total plan contributions were \$726,545 and \$174,221, respectively for fiscal year 2016-2017. The Town currently funds its Other Post-Employment Benefits ("OPEB") costs on a pay-as-you-go basis. There are no employee contributions to the plans.

Currently the Town is in compliance with the requirements of Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their OPEB plans and include information concerning the valuation of such plans in their financial statements.

As of June 30, 2017, the Total OPEB Liability for the Town was \$21,480,568 and for the Board of Education the Total OPEB Liability was \$6,010,952. The Town has set up a trust fund for these liabilities with a balance of \$248,947 as of June 30, 2017. Budgeted amounts for fiscal year 2018 were \$25,000 for the Town and \$0 for the Board of Education.

***Schedule of Funding Process – Town Plan***

<b><i>Fiscal Year Ended</i></b>	<b><i>Plan Net Position (a)</i></b>	<b><i>Total OPEB Liability (b)</i></b>	<b><i>Net OPEB Liability (b-a)</i></b>	<b><i>Funded Ratio (a/b)</i></b>
6/30/2017	\$ 248,947	\$ 21,480,568	\$ (21,231,621)	1.2%

***Schedule of Employer Contribution – Town Plan***

<b><i>Fiscal Year Ended</i></b>	<b><i>Actuarially Determined Contribution (ADC)</i></b>	<b><i>Contribution in Relation to the ADC</i></b>	<b><i>% of ADC Contributed</i></b>
6/30/2012	\$ 1,059,036	\$ 514,196	48.6%
6/30/2013	1,225,729	607,716	49.6%
6/30/2014	1,249,797	652,571	52.2%
6/30/2015	1,480,136	631,108	42.6%
6/30/2016	1,558,534	685,657	44.0%
6/30/2017	1,151,113	726,545	63.1%

***Schedule of Funding Process – Board of Education Plan***

<b><i>Fiscal Year Ended</i></b>	<b><i>Plan Net Position (a)</i></b>	<b><i>Total OPEB Liability (b)</i></b>	<b><i>Net OPEB Liability (b-a)</i></b>	<b><i>Funded Ratio (a/b)</i></b>
6/30/2017	\$ -	\$ 6,010,952	\$ (6,010,952)	0.0%

### ***Schedule of Employer Contribution – Board of Education Plan***

<b><i>Fiscal Year Ended</i></b>	<b><i>Actuarially Determined Contribution (ADC)</i></b>	<b><i>Contribution in Relation to the ADC</i></b>	<b><i>% of ADC Contributed</i></b>
6/30/2012	\$ 495,837	\$ 159,683	32.2%
6/30/2013	434,272	181,447	41.8%
6/30/2014	414,469	188,015	45.4%
6/30/2015	456,347	156,020	34.2%
6/30/2016	444,515	170,062	38.3%
6/30/2017	548,111	174,221	31.8%

### ***Compensated Absences***

Employees are paid by a prescribed formula for absences due to vacation or sickness. The liability for unused sick days, which is payable upon retirement, has been recorded in the Combined Statement of Net Assets in accordance with the financial reporting standards required by Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

### ***Investments***

Eligible investments for Connecticut municipalities are governed by Connecticut General Statutes, Sections 7-400 and 7-402. See Appendix A – "2017 General Purpose Financial Statements," Note III.A., regarding Thomaston's cash and cash equivalent investments.

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## ***VII. Legal and Other Information***

### ***Litigation***

Following consultation with the Town Attorney, Michael D. Rybak, Esquire, of Litchfield, Connecticut, Town officials advise that the Town of Thomaston, Connecticut, its officers, employees, boards and commissions are defendants in a number of lawsuits and other miscellaneous claims. It is the opinion of the Town Attorney that such pending litigation will not be finally determined individually or in the aggregate so as to result in final judgments against the Town that would have a material adverse effect on the Town's financial position.

### ***Transcript and Closing Documents***

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

1. 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 of Thomaston, Connecticut signed by the First Selectman and Treasurer, which will be dated the date of delivery, and attached to a signed copy of the Official Statement, certifying that, to the best of said officials' knowledge and belief, that at the time bids on the Bonds were accepted and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.

3. A receipt for the purchase price of the Bonds.

4. The approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut in substantially the form attached as Appendix B to this official statement.

5. An executed continuing disclosure agreement for the Bonds in substantially the form attached as Appendix C to this Official Statement.

A transcript of the proceedings taken by the Town will be kept on file at the offices of U.S. Bank National Association in Hartford, Connecticut and will be available for examination upon reasonable notice.

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### ***Concluding Statement***

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.

#### ***TOWN OF THOMASTON, CONNECTICUT***

/s/

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Edmond V. Mone, *First Selectman*

/s/

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Kristin Mosimann, *Treasurer*

/s/

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Tracy A. Decker, *Finance Director*

Dated: June \_\_, 2018

## ***Appendix A***

### ***2017 General Purpose Financial Statements***

The following includes the Basic Financial Statements of the Town of Thomaston, Connecticut for the fiscal year ended June 30, 2017. The supplemental data, which 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 LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.



## **Independent Auditors' Report**

**Board of Finance**  
**Town of Thomaston, Connecticut**

### **Report on the Financial Statements**

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

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

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

### ***Auditors' Responsibility***

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

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

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

**Board of Finance  
Town of Thomaston, Connecticut**

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***Opinions***

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

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit schedules on pages 12 through 23 and pages 77 through 87, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary and Other Information***

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

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

**Board of Finance  
Town of Thomaston, Connecticut**

Page 3

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2018, on our consideration of the Town of Thomaston, 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 Thomaston, Connecticut's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
January 11, 2018



**Town of Thomaston**  
**Finance Department**  
158 Main Street  
Thomaston, Connecticut 06787  
(860) 283-9678

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

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

**Financial Highlights**

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB) for the Town and Police and Firemen plans. GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2016 to record the net OPEB liability of \$26,024,293 and to remove the net OPEB obligation previously recorded of \$7,602,473. The current year OPEB expense was \$1,895,061 and the net OPEB liability at year end was \$21,231,621 for the Town Plan and \$6,010,952 for the Board of Education Plan.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$13,594,401 (*net position*). *Unrestricted net position*, the amount that may be used to meet the Town's ongoing obligations to citizens and creditors, was a deficit balance of \$19,669,339.
- The Town's total net position decreased by \$544,014. The decrease is substantially due to an increase in the OPEB liability of \$1,149,462 and amortization for deferred inflows related to both pension and OPEB of \$1,041,379, a reduction in other long-term debt of \$2,489,151 offset by an increase in bond anticipation notes of \$4,890,000 and a decrease in the pension liability of \$1,417,511. This was offset by the net increase in total assets of \$2,122,431 due primarily to the issuance of \$4,890,000 of additional bond anticipation notes for a road project and Phase II of the track project, of which approximately \$1,700,000 is recorded as construction in progress and the balance in investments.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,048,341, a decrease of \$1,708,265 in comparison with the prior year. This was mostly due to expenditures in the Capital or Non-Recurring fund for equipment, road, sewer and track projects that were financed through short term bond anticipation notes and have not been permanently financed yet.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,956,906, a decrease of \$383,417 in comparison with the prior year. This represents 10.4% of total general fund revenues.

**Overview of the Basic Financial Statements**

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

**Government-wide financial statements.** One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, liabilities and deferred outflows and inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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

You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

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 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).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, housing and development and education.

**Fund financial statements.** The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that has been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

For governmental funds, information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general, debt service, small cities and the capital or nonrecurring fund all of which 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 combining statements in Schedules 4 and 5 of this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

## Management's Discussion and Analysis (continued)

**Fiduciary funds.** The Town is the trustee, or fiduciary, for its employees' pension and OPEB plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position (Exhibits G and H). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining fund statements and schedules can be found in Schedules 4 through 6 of this report.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position decreased by 3.85% from a year ago - decreasing from \$14,138,415 to \$13,594,401.

Summary Statement of Net Position			
	2017	2016 (as restated)	
Current and other assets	\$ 14,685,981	\$ 12,345,606	
Capital assets (net)	62,695,877	62,913,820	
Total assets	77,381,858	75,259,426	
Total deferred outflows of resources	2,231,427	1,766,872	
Long-term liabilities outstanding	52,419,432	55,186,823	
Other liabilities	11,654,808	7,485,096	
Total liabilities	64,074,240	62,671,919	
Total deferred inflows of resources	1,944,644	215,964	
Net position:			
Net investment in capital assets	32,655,352	38,387,002	
Restricted	608,388	735,354	
Unrestricted	(19,669,339)	(24,983,941)	
TOTAL NET POSITION	\$ 13,594,401	\$ 14,138,415	

## Management's Discussion and Analysis (continued)

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

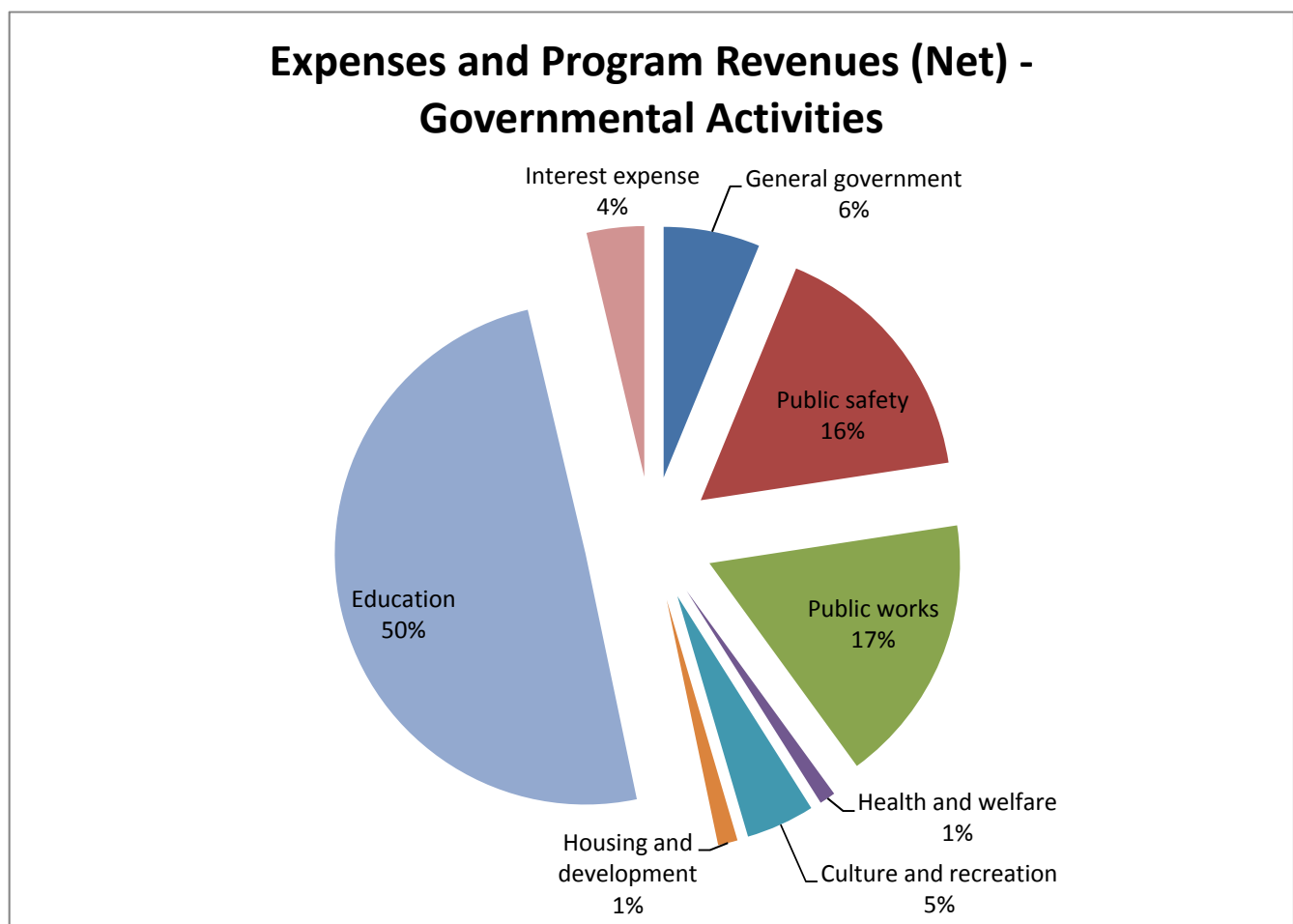
A portion of the Town's net position (4.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is the amount available to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position decreased by \$544,014. Key elements of this decrease are as follows:

<b>Statement of Changes in Net Position</b>		
	<b>2017</b>	<b>2016</b>
<b><u>REVENUES:</u></b>		
Program revenues:		
Charges for services	\$ 2,051,284	\$ 2,074,260
Operating grants and contributions	9,596,263	8,923,066
Capital grants and contributions	115,622	605,945
General revenues:		
Property taxes	18,906,623	18,347,627
Grants and contributions not restricted to specific programs	680,052	516,623
Investment income	86,423	62,240
Miscellaneous	56,172	65,734
<b>TOTAL REVENUES</b>	<b>31,492,439</b>	<b>30,595,495</b>
<b><u>EXPENSES:</u></b>		
General government	1,417,618	1,417,021
Public safety	3,558,258	3,326,695
Public works	5,126,370	4,781,865
Health and welfare	222,395	209,795
Culture and recreation	1,015,466	1,084,776
Housing and development	544,178	787,911
Education	19,401,777	18,527,836
Interest expense	750,391	703,177
<b>TOTAL EXPENSES</b>	<b>32,036,453</b>	<b>30,839,076</b>
<b>(INCREASE) DECREASE IN NET POSITION</b>	<b>(544,014)</b>	<b>(243,581)</b>
<b>NET POSITION - JULY 1</b>	<b>14,138,415</b>	<b>32,803,816</b>
<b>RESTATEMENT FOR NET OPEB LIABILITY</b>	<b>-</b>	<b>(18,421,820)</b>
<b>NET POSITION - JUNE 30</b>	<b>\$ 13,594,401</b>	<b>\$ 14,138,415</b>

- Operating grants and contributions increased by \$673,197 (7.54%) due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan offset by a decrease in Education Cost Sharing, Special Education Excess Cost and School Transportation grants.
- Capital grants and contributions decreased by \$490,323 (80.9%) due to school construction grant funds received for the school roofs received in 2016 but not 2017 and reductions in the amounts received for small cities and local bridge grants.
- Expenses increased by \$1,197,377 (3.9%) due primarily to increases in educational expenses and public works expenses for snow removal.

**Expenses and Program Revenues (Net)**



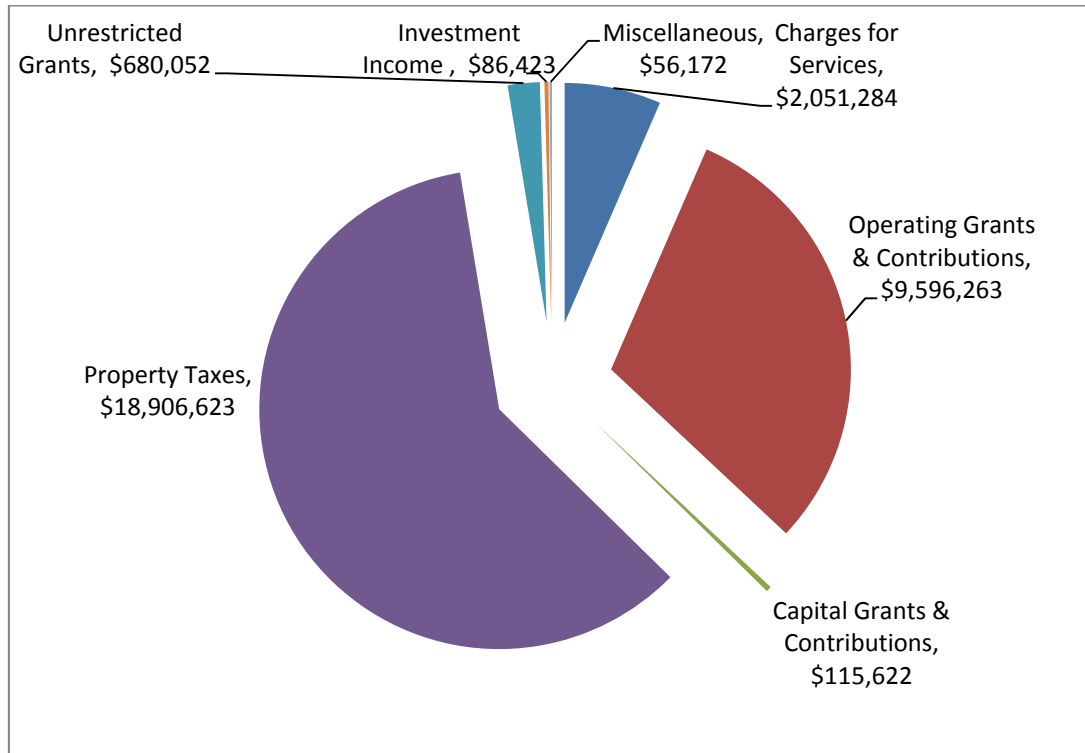
The above represents the percentage of net cost by function as presented in the statement of activities (Exhibit B). In most cases, the above chart represents the true cost of the departments because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education of \$10,052,452 includes expenses of \$19,401,777 offset by charges for services of \$205,641, operating grants and contributions (including the Education Cost sharing grant) of \$9,142,752 and capital grants and contributions of \$932.



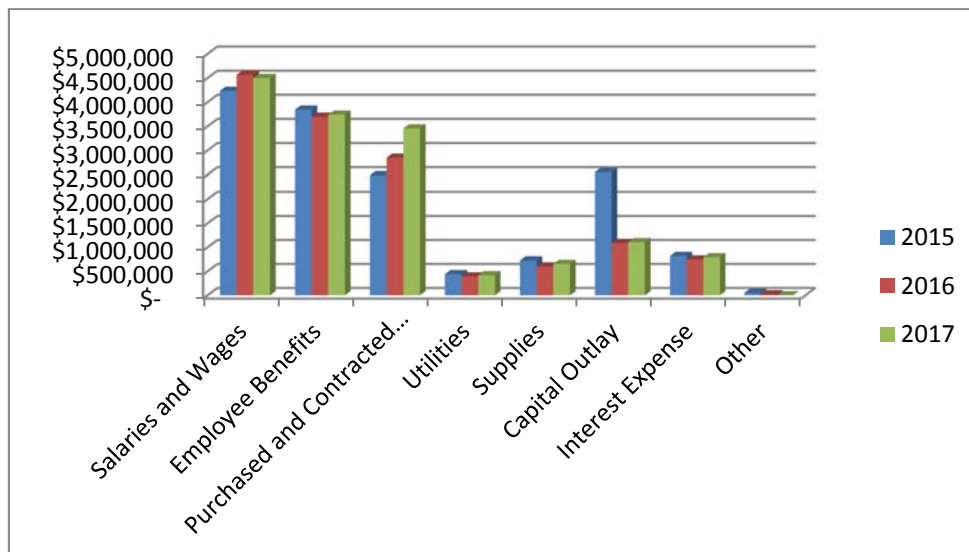
## Management's Discussion and Analysis (continued)

The statement of activities requires that we report capital grants, which often offset capital outlay and not operating expenses. Therefore, in this particular case, capital grants tend to distort the net costs in the statement of activities. Based on capital grants received during the fiscal year, the net costs above are understated by \$33,072 in Culture and Recreation due to grants received to install fiber to the Library and towards the Nystrom's Track project, which were charged to capital outlay.

**Revenues by Source**



The chart above reflects the sources of revenue for the fiscal year, which provide the services the taxpayers of Thomaston receive. Property taxes of \$18,906,623 (60.0%) is the major source of revenue, followed by operating grants and contributions of \$9,596,263 (30.5%), charges for services of \$2,051,284 (6.5%), unrestricted grants of \$680,052 (2.2%) and capital grants and contributions of \$115,622 (0.4%). The remaining \$142,595 (0.5%) is made up of investment and miscellaneous income.



## Management's Discussion and Analysis (continued)

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The above chart was derived directly from the classification of expenses in the Town's chart of accounts on a government-wide basis excluding the Board of Education operating budget and the education grant fund for fiscal years 2017, 2016 and 2015. The overall trend is level spending. The increase in purchased and contracted services is due to engineering services for several projects (WPCA sewer lines, roads, track).

Capital outlay includes construction, building improvements, improvements to roads and other infrastructure assets, vehicles and machinery and equipment purchases. Purchased and contracted services include professional and technical services such as data processing, legal fees, repairs and maintenance, water, telephone, advertising, dues and rental of equipment. Supplies include general supplies, postage, gas, diesel and oil, sand and salt and other infrastructure materials.

### **Financial Analysis of the Town's Funds**

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,048,341. GASB 54 requires that fund balance be reported in one of five categories: nonspendable, restricted, committed, assigned or unassigned. The Town has a nonspendable balance of \$170,200 because it has been reserved to generate income to pay for the perpetual care of Kenea Park and the municipal cemetery and to generate income for various projects at the Fire Department. \$1,393,058 has been restricted, \$1,210,838 has been committed and \$1,591,931 has been assigned, leaving a balance of \$682,314 as unassigned.

The total fund balances decreased by \$1,708,265. This is due primarily to expenditures in the Capital or Nonrecurring fund that were funded by short-term notes recorded in the previous year.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,956,906. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund revenue. Unassigned fund balance represents 10.4% of total general fund revenues.

The fund balance of the Town's general fund increased \$189,317 during the current fiscal year. The Town had budgeted the use of prior year fund balance of \$102,266 to balance the fiscal 2016-2017 budget.

## Management's Discussion and Analysis (continued)

A comparative analysis of the general fund (GAAP basis) is shown below.

TOWN OF THOMASTON GENERAL FUND			
	2017	2016	Increase (Decrease)
REVENUES:			
Property taxes.....	\$ 18,880,582	\$ 18,477,767	\$ 402,815
Charges for services.....	311,543	328,567	(17,024)
Intergovernmental.....	9,107,312	8,198,506	908,806
Income from investments.....	39,490	16,030	23,460
Other.....	55,369	65,734	(10,365)
TOTAL REVENUES.....	28,394,296	27,086,604	1,307,692
EXPENDITURES:			
General government.....	3,719,358	3,628,834	90,524
Public safety.....	1,719,481	1,616,224	103,257
Public works.....	1,785,656	1,566,665	218,991
Health and welfare.....	82,675	85,307	(2,632)
Culture and recreation.....	408,981	448,276	(39,295)
Housing and development.....	150,534	144,739	5,795
Education.....	17,115,585	15,809,352	1,306,233
Capital outlay.....	3,006	2,125	881
TOTAL EXPENDITURES.....	24,985,276	23,301,522	1,683,754
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES.....	3,409,020	3,785,082	(376,062)
OTHER FINANCING SOURCES (USES):			
Sale of capital assets.....	803		803
Transfer in.....	15,000	39,736	(24,736)
Transfer out.....	(3,235,506)	(3,549,412)	313,906
NET OTHER FINANCING SOURCES (USES).	(3,219,703)	(3,509,676)	289,973
NET CHANGE IN FUND BALANCES.....	\$ 189,317	\$ 275,406	\$ (86,089)

- Intergovernmental revenue increased by \$908,806 due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan.
- Education expenditures increased by \$1,306,233 due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' Retirement Plan and budgeted increased spending.

**Debt Service Fund.** This fund accounts for financial resources to be used for current and future principal and interest payments for long-term debt. As part of the Town's Capital improvement policy, the Town committed to funding a minimum annual appropriation of \$2,800,000 into Debt Service to minimize a mill rate impact of an expected significant increase in debt service in future budget years. The assigned fund balance as of June 30, 2017 is \$916,931.

**Small Cities Fund.** The Small Cities fund provides residential loan assistance and commercial economic development loans to qualifying citizens and Town businesses. The Town started receiving Federal funds for this program in 1985. The Small Cities funded activities must meet one of three national objectives: (1) benefit low and moderate income persons; (2) aid in the prevention or elimination of slums or blight; or (3) meet community development needs having a particular urgency. The Town provided new residential loans in the amount of \$114,842. The ending loan balance was \$911,355 (net of an allowance for uncollectible loans). Restricted fund balance of \$954,870 is available for future loan assistance.

**Capital or Nonrecurring Fund.** This fund accounts for the financial revenues including resources from borrowing to be used for major capital asset construction and/or purchases and items, which are reserved for special purposes. A summary of the projects can be found in Note II.E. of the notes to financial statements. The capital or nonrecurring fund's expenditures exceeded its revenue and other financing sources by \$1,775,536, primarily due to expenditures funded with short term borrowing.

#### **General Fund Budgetary Highlights**

Transfers from contingency of \$100,000 were made during the year as follows:

- \$ 3,952 Transferred to Capital or Nonrecurring to purchase a shed at the Transfer Station.
- \$28,499 Transferred to various departments for contractual wage increases negotiated after the budget was adopted.
- \$67,549 To help defray year end overruns.

The transfer to help defray year end overruns came from:

Contingency	\$ 67,549
Treasurer	6,607
Insurance	33,200
Town Hall Building and Maintenance	14,633
Library	<u>2,925</u>
Total	<u>\$ 124,914</u>

## Management's Discussion and Analysis (continued)

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The following summarizes the year end overruns:

Board of Selectmen	\$ 1,098
Tax Assessor	1,233
Town Clerk	273
Social Security	446
Retiree Medical Insurance	17,044
Emergency Management	147
Police	3,070
Communications & Dispatch	8,026
Animal Control	10,335
Fire Protection	9,264
Highways and Streets	17,139
Street Lighting	2,046
Recreation	4,035
Snow & Ice	<u>50,758</u>
Total	<u>\$ 124,914</u>

### **Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets amounts to \$62,695,877 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The total decrease in the Town's investment in capital assets for the current fiscal year was \$217,943 (0.3%). This decrease is due largely to fewer capital expenditures offset by increased depreciation. Only those assets which cost \$5,000 or more with a useful life exceeding one year are capitalized. Assets costing less than \$5,000 are expensed.

#### **Capital Assets - Net**

	<b>2017</b>	<b>2016</b>
Land.....	\$ 1,341,961	\$ 1,315,620
Construction in progress.....	3,010,283	1,421,416
Buildings.....	31,564,571	32,554,652
Land improvements.....	477,584	506,231
Machinery and equipment.....	6,473,969	6,839,708
Intangible assets.....	-	1,208
Vehicles.....	1,477,028	1,491,875
Infrastructure.....	18,350,481	18,783,110
TOTAL.....	<u>\$62,695,877</u>	<u>\$62,913,820</u>

## Management's Discussion and Analysis (continued)

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

- Several of last year's projects continued in 2016-2017 with increases to construction in progress: Roofing work continued at the Fire House (\$7,198), Nystrom's Track and Tennis project (\$430,759), Walnut Hill bridge (\$11,306) and sewer repairs/reconstruction in the "web" area of Town (\$765,244).
- New vehicles and equipment included a key fob system (\$9,590) and industrial washer/dryer (\$14,698) at the Fire House, two public works trucks (\$74,300), a truck body (\$26,642), a street sweeper (\$20,000), a lawnmower (\$11,011), a play scape at Reeve's Field (\$29,628) and the installation of fiber to the Library (\$22,350).
- The Hillside Cemetery Trust Fund purchase land adjacent to the cemetery (\$26,341).
- Additional items recorded as construction in progress include repairs and reconstruction of the roads in the "web" area of town (\$385,699), engineering of Hickory Hill Road (\$56,600) and construction of a security wall at Thomaston High School (\$43,945).

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

**Long-term and short-term debt.** At the end of the current fiscal year, the Town had total bonded debt outstanding of \$19,860,000. All debt is backed by the full faith and credit of the Town. The remainder of the Town's debt represents notes totaling \$1,973,856 funded by the State of Connecticut Clean Water Fund, bond anticipation notes of \$7,800,000 and unamortized bond premium of \$676,512.

<b>OUTSTANDING DEBT</b>		
<b>LONG-TERM AND SHORT TERM OBLIGATIONS</b>		
	<b>2017</b>	<b>2016</b>
General obligation bonds.....	\$ 19,860,000	\$ 21,850,000
Notes.....	1,973,856	2,475,710
Bond anticipation notes.....	7,800,000	2,910,000
Bond premium.....	676,512	745,964
Total.....	<u>\$ 30,310,368</u>	<u>\$ 27,981,674</u>

In October 2014, Standard & Poor's assigned ratings of AA and SP-1 to the Town's general obligation bonds and bond anticipation notes, respectively, and affirmed its AA long-term rating on the Town's parity debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$131,863,949, which is significantly in excess of the Town's outstanding general obligation debt.

## Management's Discussion and Analysis (continued)

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On May 3, 2017, the Town issued \$7,800,000 of bond anticipation notes for a fire truck (\$570,000), a pay-loader (\$137,500), a dump truck (\$150,000), WPCA phosphorous project (\$625,000), WPCA sewer lines in the web area (\$1,390,000), engineering for the web roads (\$212,000), reconstruction of the web roads (\$2,037,600), engineering for Hickory Hill (\$283,000), a dump truck (\$44,900) and Phase II of the Nystrom's project (\$2,350,000).

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

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

- The unemployment rate for the Town is currently 3.9%, which is a decrease from a rate of 4.9% a year ago. The Town's rate is favorable compared to the State rate of 5.1% and the Hartford Labor Market rate of 5.2%.
- The Town is under even greater fiscal pressure from voter opposition in the tax levy. Voter opposition remains regardless of the fact that the Town has no control over its significant revenue sources other than property taxes. The Town faces cost increases from contractual obligations and fixed costs as well as significant decreases in revenue from the State of Connecticut and failed budgets will only result in loss of services, personnel and infrastructure improvements.

These factors were considered in preparing the Town's budget for the 2017-2018 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances 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 Finance Director, Tracy Decker, CPA, Town of Thomaston, CT 158 Main Street, Thomaston, CT 06787.

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## **Basic Financial Statements**

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**TOWN OF THOMASTON, CONNECTICUT**

STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017

<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 595,524
Investments.....	11,883,469
Receivables:	
Property taxes.....	150,005
Assessments/use charges.....	59,512
Intergovernmental.....	194,908
Other.....	164,199
Other assets.....	17,204
Total Current assets.....	13,064,821
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments.....	114,689
Permanently restricted:	
Investments.....	170,200
Total Restricted assets.....	284,889
Receivables (net):	
Property taxes.....	184,831
Assessments/use charges.....	67,108
Loans.....	911,355
Intergovernmental.....	141,263
Notes.....	31,714
Total Receivables (net).....	1,336,271
Capital assets (net of accumulated depreciation):	
Land.....	1,341,961
Construction in progress.....	3,010,283
Buildings.....	31,564,571
Land improvements.....	477,584
Machinery and equipment.....	6,473,969
Vehicles.....	1,477,028
Infrastructure.....	18,350,481
Total Capital assets (net of accumulated depreciation).....	62,695,877
Total Noncurrent assets.....	64,317,037
TOTAL ASSETS.....	77,381,858
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding.....	319,975
Deferred outflow related to pensions.....	400,151
Deferred outflow related to OPEB.....	1,511,301
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	2,231,427

(Continued)

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

**TOWN OF THOMASTON, CONNECTICUT**

STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017

<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable.....	\$ 620,745
Accrued payroll.....	373,732
Accrued interest payable.....	110,714
Unearned revenue.....	30,848
Bond anticipation notes.....	7,800,000
Bonds and notes payable.....	2,451,984
Capital lease payable.....	36,895
Compensated absences.....	146,419
Other liabilities.....	83,471
Total Current liabilities.....	<u>11,654,808</u>
Noncurrent liabilities:	
Bonds and notes payable and related liabilities.....	20,058,384
Capital lease payable.....	13,237
Net pension liability.....	4,193,474
Net OPEB liability.....	27,242,573
Compensated absences.....	829,710
Other liabilities.....	82,054
Total Noncurrent liabilities.....	<u>52,419,432</u>
TOTAL LIABILITIES.....	<u>64,074,240</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow related to pensions.....	502,161
Deferred inflow related to OPEB.....	1,442,483
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>1,944,644</u>
<u>NET POSITION</u>	
Net investment in capital assets.....	32,655,352
Restricted for:	
Endowments:	
Nonexpendable.....	65,700
Expendable.....	43,119
Perpetual Care:	
Nonexpendable.....	104,500
Expendable.....	71,570
Sewer assessment.....	206,985
Education.....	99,382
Library.....	9,860
Other.....	7,272
Unrestricted.....	(19,669,339)
TOTAL NET POSITION.....	<u>\$ 13,594,401</u>

(Concluded)

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
General government.....	\$ 1,417,618	\$ 153,730	\$ 4,000	\$ 1,400	\$ (1,258,488)
Public safety.....	3,558,258	203,715	-	32,725	(3,321,818)
Public works.....	5,126,370	1,363,837	228,609	7,141	(3,526,783)
Health and welfare.....	222,395	859	-	10,755	(210,781)
Culture and recreation.....	1,015,466	62,326	3,218	53,650	(896,272)
Housing and development.....	544,178	61,176	217,684	9,019	(256,299)
Education.....	19,401,777	205,641	9,142,752	932	(10,052,452)
Interest expense.....	750,391	-	-	-	(750,391)
<b>TOTAL.....</b>	<b>\$ 32,036,453</b>	<b>\$ 2,051,284</b>	<b>\$ 9,596,263</b>	<b>\$ 115,622</b>	<b>\$ (20,273,284)</b>
GENERAL REVENUES:					
Property taxes.....					\$ 18,906,623
Grants and contributions not restricted to specific programs.....					680,052
Investment income.....					86,423
Miscellaneous.....					56,172
<b>TOTAL GENERAL REVENUES.....</b>					<b>19,729,270</b>
<b>CHANGE IN NET POSITION.....</b>					<b>(544,014)</b>
<b>NET POSITION - JULY 1, 2016 (as restated).....</b>					<b>14,138,415</b>
<b>NET POSITION - JUNE 30, 2017.....</b>					<b>\$ 13,594,401</b>

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

## TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	GENERAL	DEBT SERVICE	SMALL CITIES	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash.....	\$ 269,254	\$ -	\$ 43,515	\$ -	\$ 282,755	\$ 595,524
Investments.....	10,530,108	77,159	-	36,990	1,524,101	12,168,358
Receivables, net:						
Property taxes.....	361,980	-	-	-	-	361,980
Assessments/use charges.....	-	-	-	-	109,087	109,087
Loans.....	-	-	911,355	-	-	911,355
Intergovernmental.....	-	-	-	-	48,740	48,740
Other.....	89,540	-	-	-	74,659	164,199
Due from other funds.....	222,455	839,772	-	5,725,243	227,655	7,015,125
Other assets.....	7,962	-	-	-	9,242	17,204
<b>TOTAL ASSETS.....</b>	<b>\$ 11,481,299</b>	<b>\$ 916,931</b>	<b>\$ 954,870</b>	<b>\$ 5,762,233</b>	<b>\$ 2,276,239</b>	<b>\$ 21,391,572</b>
<u>LIABILITIES</u>						
Accounts payable.....	\$ 321,964	\$ -	\$ -	\$ 232,098	\$ 66,683	\$ 620,745
Accrued payroll.....	335,979	-	-	-	37,753	373,732
Due to other funds.....	6,791,066	-	-	-	224,059	7,015,125
Unearned revenue.....	6,690	-	-	-	24,158	30,848
Bond anticipation notes.....	-	-	-	7,800,000	-	7,800,000
<b>TOTAL LIABILITIES.....</b>	<b>7,455,699</b>	<b>-</b>	<b>-</b>	<b>8,032,098</b>	<b>352,653</b>	<b>15,840,450</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes.....	361,980	-	-	-	-	361,980
Unavailable revenue - sewer charges.....	31,714	-	-	-	109,087	140,801
<b>TOTAL DEFERRED INFLOWS OF RESOURCES...</b>	<b>393,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,087</b>	<b>502,781</b>
<u>FUND BALANCES</u>						
Nonspendable.....	-	-	-	-	170,200	170,200
Restricted.....	-	-	954,870	-	438,188	1,393,058
Committed.....	-	-	-	-	1,210,838	1,210,838
Assigned.....	675,000	916,931	-	-	-	1,591,931
Unassigned.....	2,956,906	-	-	(2,269,865)	(4,727)	682,314
<b>TOTAL FUND BALANCES.....</b>	<b>3,631,906</b>	<b>916,931</b>	<b>954,870</b>	<b>(2,269,865)</b>	<b>1,814,499</b>	<b>5,048,341</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES .....</b>	<b>\$ 11,481,299</b>	<b>\$ 916,931</b>	<b>\$ 954,870</b>	<b>\$ 5,762,233</b>	<b>\$ 2,276,239</b>	<b>\$ 21,391,572</b>

(Continued)

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

**TOWN OF THOMASTON, CONNECTICUT**

RECONCILIATION OF FUND BALANCE TO NET POSITION  
JUNE 30, 2017

AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT  
FROM THE GOVERNMENTAL FUNDS BALANCE SHEET DUE TO:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 5,048,341
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES  
AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets.....	62,913,820
Current year additions (net of construction in progress).....	1,863,185
Depreciation expense.....	(2,081,128)

OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS ARE NOT AVAILABLE TO PAY CURRENT  
PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:

Property tax, sewer use and sewer assessment interest and lien accrual.....	147,389
School building grant receivable.....	287,431
Notes receivable (sewer charges).....	31,714
Allowance for doubtful accounts.....	(157,000)
Deferred charge on refunding.....	319,975
Deferred outflow related to pensions.....	400,151
Deferred outflow related to OPEB.....	1,511,301

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD  
EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:

Property tax, sewer use and sewer assessment receivable - accrual basis change.....	502,781
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SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE  
AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....	(21,833,856)
Bond premiums.....	(676,512)
Capital lease payable.....	(50,132)
Net pension liability.....	(4,193,474)
Net OPEB liability.....	(27,242,573)
Compensated absences.....	(976,129)
Other liabilities.....	(165,525)
Accrued interest payable.....	(110,714)
Deferred inflow related to pensions.....	(502,161)
Deferred inflow related to OPEB.....	(1,442,483)

NET POSITION.....	<u>\$ 13,594,401</u>
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(Concluded)

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL	DEBT SERVICE	SMALL CITIES	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 18,880,582	\$ -	\$ -	\$ -	\$ -	\$ 18,880,582
Charges for services.....	311,543	-	-	19,278	1,813,112	2,143,933
Intergovernmental.....	9,107,312	-	217,684	50,644	1,076,108	10,451,748
Contributions.....	-	-	-	34,645	56,444	91,089
Income from investments.....	39,490	2,337	272	58	13,396	55,553
Net change in fair value of investments.....	-	-	-	-	30,870	30,870
Other.....	55,369	-	-	-	-	55,369
TOTAL REVENUES.....	28,394,296	2,337	217,956	104,625	2,989,930	31,709,144
EXPENDITURES:						
Current:						
General government.....	3,719,358	-	-	87,604	7,094	3,814,056
Public safety.....	1,719,481	-	-	43,261	5,453	1,768,195
Public works.....	1,785,656	-	-	3,953	1,260,087	3,049,696
Health and welfare.....	82,675	-	-	-	87,791	170,466
Culture and recreation.....	408,981	-	-	7,553	97,048	513,582
Housing and development.....	150,534	-	255,591	11,212	-	417,337
Education.....	17,115,585	-	-	21,770	1,256,702	18,394,057
Debt service.....	-	3,311,111	-	24,918	-	3,336,029
Capital outlay.....	3,006	-	-	1,966,742	37,863	2,007,611
TOTAL EXPENDITURES.....	24,985,276	3,311,111	255,591	2,167,013	2,752,038	33,471,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	3,409,020	(3,308,774)	(37,635)	(2,062,388)	237,892	(1,761,885)
OTHER FINANCING SOURCES (USES):						
Capital lease.....	-	-	-	39,758	-	39,758
BAN premiums.....	-	13,059	-	-	-	13,059
Sale of capital assets.....	803	-	-	-	-	803
Transfers in.....	15,000	2,952,772	-	247,094	195,610	3,410,476
Transfers out.....	(3,235,506)	-	-	-	(174,970)	(3,410,476)
NET OTHER FINANCING SOURCES (USES).....	(3,219,703)	2,965,831	-	286,852	20,640	53,620
NET CHANGE IN FUND BALANCES.....	189,317	(342,943)	(37,635)	(1,775,536)	258,532	(1,708,265)
FUND BALANCES - JULY 1, 2016.....	3,442,589	1,259,874	992,505	(494,329)	1,555,967	6,756,606
FUND BALANCES - JUNE 30, 2017.....	\$ 3,631,906	\$ 916,931	\$ 954,870	\$ (2,269,865)	\$ 1,814,499	\$ 5,048,341

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

**TOWN OF THOMASTON, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
(EXHIBIT B) ARE DIFFERENT DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D).....	<u>\$ (1,708,265)</u>
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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.....	1,863,185
Depreciation expense.....	<u>(2,081,128)</u>
Total .....	<u>(217,943)</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

School building grant receipts.....	(150,900)
Notes receivable.....	(7,928)
Change in property tax, sewer use and sewer assessment receivable - accrual basis change.....	(50,795)
Change in property tax, sewer use and sewer assessment interest and lien revenue.....	<u>(7,885)</u>
Total .....	<u>(217,508)</u>

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

Debt issued or incurred:	
Capital lease payable.....	(39,758)
Principal repayments:	
General obligation bonds.....	1,990,000
Notes payable.....	501,854
Capital lease payable.....	<u>37,055</u>
Total .....	<u>2,489,151</u>

(Continued)

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

**TOWN OF THOMASTON, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

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:

Amortization of bond premium.....	\$ 69,452
Pension expense.....	1,417,511
OPEB expense.....	(1,149,462)
Compensated absences.....	40,649
Termination benefits.....	84,901
Other liabilities.....	(27,761)
Accrued interest payable.....	8,204
Amortization of deferred charges on refunding.....	(33,986)
Amortization of deferred outflows of resources.....	(1,012,760)
Amortization of deferred inflows of resources.....	(286,197)
Total .....	(889,449)
CHANGE IN NET POSITION (EXHIBIT B) .....	<u>\$ (544,014)</u>
	(Concluded)

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



TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 18,615,585	\$ 18,615,585	\$ 18,880,582	\$ 264,997
Charges for services.....	296,875	296,875	311,543	14,668
Intergovernmental.....	6,932,294	6,932,294	6,667,073	(265,221)
Income from investments.....	12,500	12,500	39,490	26,990
Other.....	10,000	10,000	55,369	45,369
TOTAL REVENUES.....	25,867,254	25,867,254	25,954,057	86,803
EXPENDITURES:				
Current:				
General government.....	4,022,587	3,897,821	3,719,358	178,463
Public safety.....	1,689,443	1,723,759	1,720,845	2,914
Public works.....	1,717,261	1,794,318	1,787,298	7,020
Health and welfare.....	88,197	88,637	82,675	5,962
Culture and recreation.....	408,584	416,729	408,981	7,748
Housing and development.....	151,549	152,404	150,534	1,870
Education.....	14,675,346	14,675,346	14,675,346	-
TOTAL EXPENDITURES.....	22,752,967	22,749,014	22,545,037	203,977
EXCESS ( DEFICIENCY ) OF REVENUES OVER EXPENDITURES.....	3,114,287	3,118,240	3,409,020	290,780
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	102,266	102,266	-	(102,266)
Sale of capital assets.....	-	-	803	803
Transfers in.....	15,000	15,000	15,000	-
Transfers out.....	(3,231,553)	(3,235,506)	(3,235,506)	-
NET OTHER FINANCING SOURCES (USES).....	(3,114,287)	(3,118,240)	(3,219,703)	(101,463)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	189,317	\$ 189,317
FUND BALANCE - JULY 1, 2016.....			3,442,589	
FUND BALANCE - JUNE 30, 2017.....			\$ 3,631,906	

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>				
Cash.....	\$ -	\$ -	\$ 868	\$ 403,690
Investments:				
Certificates of Deposit.....	-	-	6,616	4,407
Mutual Funds/Exchange Traded Funds:				
Money market	39,174	1,139	-	-
Equity.....	8,912,656	137,543	-	-
Bond.....	6,378,336	97,510	-	-
Real estate investment trusts.....	737,913	12,755	-	-
Total Investments.....	16,068,079	248,947	6,616	4,407
Due from broker.....	240,000			
TOTAL ASSETS.....	16,308,079	248,947	7,484	408,097
<u>LIABILITY</u>				
Accounts payable.....	-	-	-	408,097
<u>NET POSITION</u>				
Net position restricted for pension benefits, other post-employment benefits and other purposes.....	\$ 16,308,079	\$ 248,947	\$ 7,484	\$ -

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

**TOWN OF THOMASTON, CONNECTICUT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	PENSION TRUST FUND	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:			
Contributions:			
Employer.....	\$ 790,000	\$ 726,545	\$ -
Employees.....	175,704	-	-
Total contributions.....	965,704	726,545	-
Investment income (loss):			
Net change in fair value of investments.....	1,281,739	13,453	
Interest and dividends.....	474,981	5,531	44
Total investment income (loss).....	1,756,720	18,984	44
Less investment expenses.....	17,632	394	-
Net investment income (loss).....	1,739,088	18,590	44
TOTAL ADDITIONS.....	2,704,792	745,135	44
DEDUCTIONS:			
Benefits.....	1,007,682	701,545	-
Administration.....	29,092	416	-
Awards.....	-	-	400
TOTAL DEDUCTIONS.....	1,036,774	701,961	400
CHANGES IN NET POSITION.....	1,668,018	43,174	(356)
NET POSITION - JULY 1, 2016.....	14,640,061	205,773	7,840
NET POSITION - JUNE 30, 2017.....	\$ 16,308,079	\$ 248,947	\$ 7,484

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

**TOWN OF THOMASTON, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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**HISTORY AND ORGANIZATION**

The Town of Thomaston, Connecticut ("Town") was incorporated July 6, 1875, and operates under the provisions of the General Statutes of the State of Connecticut. The legislative power of the Town is vested in a Board of Selectmen and the Town Meeting. The Town provides the following services: Public Safety (police, fire and ambulance), Public Works (streets and solid waste), Public Health and Welfare, Culture and Recreation (parks, programs and public library), Housing and Development (building and land use) and Education encompassing grades PreK-12.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, long-term debt, principal, interest and related costs.

The *Small Cities Fund* accounts for the revolving loans for commercial and residential use under the Federal program administered by the Department of Economic and Community Development. Revenue consists of interest due on loan repayments and investment income.

The *Capital or Nonrecurring Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases and items, which are reserved for special purposes.

Additionally, the Town reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the Town's Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The *Other Post-Employment Benefit Trust Fund* accounts for the activities of the Town OPEB Plan, which accumulates resources for retiree medical and life insurance benefits.

The *Private-Purpose Trust Funds* are used to account for resources legally held in trust for educational purposes.

The *Agency Funds* account for monies held on-behalf of students and various community organizations and committees and amounts held for performance bonds.

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

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

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

Deposits - The Town considers cash as cash on hand, demand deposits and money market accounts.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned other than the Capital or Nonrecurring Fund whose interest is recorded in the General Fund.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

Pension fund investments may be invested in fixed income, equities and real estate. The target asset allocation is 40% fixed income, 55% equities and 5% real estate. There are also minimum and maximum target levels defined. Professional investment managers are employed to manage the assets allocated to them. The Retirement Plan Committee, as trustee of the pension plan, is responsible for overall investment policy.

Other post-employment benefits fund investment policy targets investment in equities of 70% and fixed income of 30%.

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

The State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

**2. Receivables and Payables**

**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 38 percent of outstanding receivable balances and are calculated based upon prior collections.

Loan receivables consist of low interest bearing loans to Town residents and businesses primarily for residential rehabilitation and economic development. The loans were provided through the State Department of Economic and Community Development Small Cities grant program.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected by June 30, have been recorded as a deferred inflows of resources since they are not considered to be available to finance expenditures of the current year. Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**3. Restricted Assets**

The restricted assets of the Town are restricted for endowment purposes determined by the donor requests.

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	100
Land improvements	20-50
Machinery and equipment	3-40
Intangible assets	10
Vehicles	8-15
Infrastructure:	
Roads	50-75
Sewer lines	65
Storm drains	65

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in plan assumptions and for the net difference between projected and actual earnings on plan investments. The deferred outflows for differences between expected and actual experience, and changes in plan assumptions will be amortized over the average remaining service life of all plan members. The deferred outflows for the net difference between projected and actual earnings on plan investments will be amortized over a 5 year period.



TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**5. Deferred Outflows/Inflows of Resources (Continued)**

The Town also reports a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in plan assumptions, and for the net difference between projected and actual earnings on plan investments. The deferred inflows for differences between expected and actual experience and changes in plan assumptions will be amortized over the average remaining service life of all plan members. The deferred inflows for the net difference between projected and actual earnings on plan investments will be amortized over a 5 year period.

The Town has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from several sources: property taxes, grants and user charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated Absences**

All employees are granted vacation and sick time based upon contractual provisions. Employees are not permitted to carry vacation days from one calendar year to the next without prior approval. Board of Education employees are paid vacation on a fiscal year basis and, therefore, unused vacation lapses at June 30. Town employees are paid vacation on an anniversary date basis and, therefore, a liability for unused vacation has been recorded. Certified employees at the Board of Education may accumulate up to 165 days of unused sick time. Employees are one-third vested with 20 - 24 years of service and two-thirds vested with 25 or more years of service. Unused sick time does not accumulate for certified employees hired after July 1, 1992.

For employees other than certified teachers, sick leave accrues at the rate of 1¼ days per month, cumulative to a maximum of 100 days. Upon the death or retirement of an employee an amount will be due equal to the accumulated sick days times the rate of pay per day of such employee at the time of such death or retirement. Employees who resign or are terminated are not entitled to their unused sick days. Police officers hired after July 1, 2005 are entitled to 45% up to a maximum of 50 days; public works employees hired after January 1, 2006 are entitled to 50% up to a maximum of 50 days; and sewer and white collar employees hired after July 1, 2005 are not entitled to the benefit.

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**7. Long-Term Obligations**

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

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

**8. Net Position Flow Assumption**

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

**9. Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

**Restricted Net Position**

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

**Unrestricted Net Position**

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

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**9. Fund Equity and Net Position (Continued)**

Nonspendable

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

Restricted

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

Committed

This category presents amounts that can be used only for specific purposes established, modified or rescinded through resolutions approved by Town Meeting for capital and appropriation and Board of Finance for special revenue and other commitments.

Assigned

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

Unassigned

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

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

The Board of Finance adopted a minimum fund balance policy for the general fund. The policy is that Town Boards shall propose budgets that provide for the unassigned fund balance at fiscal year end to be not less than 5% nor more than 10% of the total operating general fund expenditures.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**10. Use of Estimates**

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

**11. Comparative Data/Reclassifications**

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to the annual Town Meeting at which taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally adopted by vote at the annual Town budget meeting.
- The Board of Selectmen and the Board of Education are authorized to transfer budgeted amounts within departments. Transfers of budgeted amounts between departments must be approved by the Board of Finance.
- The Board of Finance can approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000. Appropriations in excess of \$20,000 must be approved by vote of a Town Meeting. There was no additional appropriation from fund balance during the year.
- Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting and the on-behalf payment, the budget is prepared on the modified accrual basis of accounting.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgets and Budgetary Accounting (continued)**

- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$20,000, Town Meeting approval.

**B. Budget - GAAP Reconciliation**

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

	<u>REVENUES</u>	<u>EXPENDITURES</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F .....	\$ 25,954,057	\$ 22,545,037
State Teachers' Retirement on-behalf payment .....	<u>2,440,239</u>	<u>2,440,239</u>
BALANCE, GAAP BASIS, EXHIBIT D .....	<u>\$ 28,394,296</u>	<u>\$ 24,985,276</u>

**C. Donor-Restricted Endowments**

The Town has received certain endowments for the maintenance of the Hillside Cemetery and fire department operation purposes. The amounts are reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by the individual Boards. The amount of appreciation (depreciation) included in restricted fund balance of the Hillside Cemetery Trust was \$93,070.

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

**D. Capital Project Authorizations**

The following is a summary of certain capital projects:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Thomaston High School and Center School	<u>\$16,214,000</u>	<u>\$15,381,095</u>	<u>\$832,905</u>

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**E. Capital or Nonrecurring Project Authorizations**

The following is a summary of capital or nonrecurring projects:

	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE
Assessors revaluation .....	\$ 567,137	\$ 59,715	\$ 547,137	\$ 20,000
Beautification projects .....	1,625	900	1,071	554
BOE projects .....	89,243	57,896	57,896	31,347
Bradstreet House .....	2,400	1,982	1,982	418
Christmas lights - reserve.....	12,000	-	10,000	2,000
Emergency shelter .....	11,319	673	9,371	1,948
Energy efficiency project .....	3,172,835	1,900	3,059,000	113,835
Fire Department projects .....	102,834	57,069	57,069	45,765
Grove Manor:chimney swift roost	29,462	7,962	29,605	(143)
Inland Wetland Engineering .....	1,500	3,250	3,250	(1,750)
Kenea Park clock restoration .....	16,000	-	-	16,000
K-9 donation reserve .....	10,412	-	9,904	508
Library projects .....	31,593	22,350	22,350	9243
Opera House renovation .....	55,395	3,791	55,395	-
Park bench wood repairs.....	1,125	-	889	236
Park & Recreation: Playground equipment.....	18,106	18,106	18,106	-
Police Department projects .....	297,643	28,652	282,484	15,159
Public Works Department projects .....	14,815,332	472,032	11,056,064	3,759,268
Roof engineering and repair .....	4,082,474	15,016	3,607,941	474,533
Senior center CT Community Foundation.....	1,400	880	880	520
Skate park proceeds .....	1,090	-	-	1,090
Town-wide sick pay reserve .....	877,387	-	840,398	36,989
Track Committee – Nystroms Park .....	3,273,308	430,759	1,320,763	1,952,545
Town Hall projects .....	497,667	25,989	388,565	109,102
Transfer station shed.....	3,953	3,953	3,953	-
TVAC projects .....	29,925	4,708	18,241	11,684
WPCA projects .....	2,046,884	765,244	1,304,129	742,755
Total.....	\$ 30,050,049	\$ 1,982,827	\$ 22,706,443	\$ 7,343,606

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES**

**A. Cash and Investments**

Deposits - Custodial Credit Risk

Custodial credit risk is risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$857,041 of the Town's bank balance of \$3,156,401 (including certificates of deposit and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 580,281
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	<u>276,760</u>
Total amount subject to custodial credit risk .....	<u>\$ 857,041</u>

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

The Town's investments (including restricted investments) consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	INVESTMENT MATURITIES (IN YEARS)				
	FAIR VALUE	N/A	LESS THAN 1	1-5 YEARS	5-10 YEARS
Mutual/Exchange Traded Funds:					
Money Market .....	\$ 40,313	\$ -	\$ 40,313	\$ -	\$ -
Equity .....	9,449,179	9,449,179			
Bond .....	6,475,845				6,475,845
Real Estate Investment Trust....	750,668	750,668			
Certificates of Deposit .....	237,920		237,920		
Bank Money Market Funds .....	4,178,452		4,178,452		
Pooled Fixed Income.....	7,275,853		7,275,853		
Common Stock .....	88,177	88,177			
TOTAL.....	<u>\$28,496,407</u>	<u>\$10,288,024</u>	<u>\$11,732,538</u>	<u>\$ -</u>	<u>\$6,475,845</u>

Fair value of Investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three tiered fair value hierarchy, as follows:

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

The Town had the following recurring fair value measurement:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by Fair Value Level				
<u>Mutual Funds/Exchange Traded Funds</u>				
Money Market.....	\$ 40,313	\$ 40,313	\$ -	\$ -
Equity.....	9,449,179	9,449,179		
Bond.....	6,475,845	6,475,845		
Real Estate Investment Trust.....	750,668	750,668		
Common Stock.....	88,177	88,177		
Total Investments by fair value level.....	<u>\$ 16,804,182</u>	<u>\$ 16,804,182</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Investments</u>				
Certificates of Deposit.....	237,920			
Bank Money Market Funds.....	4,178,452			
Pooled Fixed Income.....	<u>7,275,853</u>			
Total Other Investments.....	<u>11,692,225</u>			
TOTAL INVESTMENTS.....	<u>\$ 28,496,407</u>			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

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

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk in addition to abiding by State Statutes, which govern investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Foreign currency risk - The Town does not have a formal policy with respect the foreign currency risk. Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange.



TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

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

AVERAGE RATING	MONEY MARKET MUTUAL FUNDS	BOND MUTUAL FUNDS	POOLED FIXED INCOME
AAA .....	\$ 40,313	\$ 3,316,161	\$7,275,853
AA .....			
A .....		889,146	
BBB .....		941,501	
BB .....		359,382	
B .....		598,062	
Below B .....		371,593	
TOTAL .....	\$ 40,313	\$ 6,475,845	\$7,275,853

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

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

The Town does not have any investments subject to custodial credit risk since the common stock is held in the Town's name.

**B. Receivables**

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

	PROPERTY TAXES		
	TAXES	INTEREST & LIEN FEES	TOTAL
Current Portion .....	\$ 114,590	\$ 35,415	\$ 150,005
Long-term Portion .....	\$ 247,390	\$ 87,441	\$ 334,831
Less Allowance for Uncollectibles .....	(100,000)	(50,000)	(150,000)
Net Long-term Portion .....	\$ 147,390	\$ 37,441	\$ 184,831

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**B. Receivables (Continued)**

	SEWER USE/ASSESSMENTS			CDBG
	CHARGES	INTEREST & LIEN FEES	TOTAL	LOANS
Current Portion .....	\$ 48,686	\$ 10,826	\$ 59,512	\$ -
Long-term Portion .....	\$ 60,401	\$ 13,707	\$ 74,108	\$ 1,011,355
Less Allowance for Uncollectibles .....	(5,500)	(1,500)	(7,000)	(100,000)
Net Long-term Portion .....	\$ 54,901	\$ 12,207	\$ 67,108	\$ 911,355

**C. Capital Assets**

Capital asset activity for the year was as follows:

	BALANCE JULY 1, 2016	INCREASES	DECREASES	BALANCE JUNE 30, 2017
<u>Capital Assets, not being depreciated:</u>				
Land .....	\$ 1,315,620	\$ 26,341	\$	\$ 1,341,961
Construction in progress .....	1,421,416	1,588,867		3,010,283
Total capital assets, not being depreciated .....	2,737,036	1,615,208	-	4,352,244
<u>Capital assets, being depreciated:</u>				
Buildings .....	43,741,896			43,741,896
Land improvements .....	1,441,764			1,441,764
Machinery and equipment .....	12,715,843	87,277		12,803,120
Intangible assets .....	24,165			24,165
Vehicles .....	3,765,460	160,700		3,926,160
Infrastructure .....	25,791,243			25,791,243
Total capital assets, being depreciated .....	87,480,371	247,977	-	87,728,348
Total capital assets .....	90,217,407	1,863,185	-	92,080,592
<u>Less accumulated depreciation for:</u>				
Buildings .....	11,187,244	990,081		12,177,325
Land improvements .....	935,533	28,647		964,180
Machinery and equipment .....	5,876,135	453,016		6,329,151
Intangible assets .....	22,957	1,208		24,165
Vehicles .....	2,273,585	175,547		2,449,132
Infrastructure .....	7,008,133	432,629		7,440,762
Total accumulated depreciation .....	27,303,587	2,081,128	-	29,384,715
Total Capital Assets, being depreciated, net .....	60,176,784	(1,833,151)	-	58,343,633
Capital Assets, net .....	\$ 62,913,820	\$ (217,943)	\$ -	\$ 62,695,877

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets (Continued)**

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

General government .....	\$ 116,559
Public safety .....	255,885
Public works .....	833,240
Culture and recreation.....	42,442
Education .....	<u>833,002</u>
Total Depreciation Expense.....	<u>\$ 2,081,128</u>

**Construction Commitments**

At year end, the Town's commitments with contractors were as follows:

<u>Project Description</u>	<u>Commitment</u>
Nystrom's Track .....	\$ 1,515,735
Road – web project .....	2,196,485
Hickory Hill.....	226,400

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

The amounts due from and due to other funds were as follows:

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
Debt Service Fund .....	N/A	\$	\$ 839,772
Capital or Nonrecurring Fund.....	N/A		5,723,639
Sewer Commission Usage Fund .....	N/A		43,565
Education Grant Fund .....	N/A	72,995	
Transfer Station Fund .....	N/A	63,372	
Recreation Fund.....	N/A		12,281
Gift Fund.....	N/A		250
EMS Fund .....	N/A	15,000	
Capital Projects Fund .....	N/A		171,559
Edith Kenea Park & Tree Fund .....	N/A	1,197	
Hillside Cemetery Trust Fund .....	N/A	<u>69,891</u>	
TOTAL GENERAL FUND .....		<u>222,455</u>	<u>6,791,066</u>
DEBT SERVICE FUND.....	General Fund	<u>839,772</u>	-
Capital or Nonrecurring .....	General Fund	5,723,639	
Capital or Nonrecurring .....	Capital Projects Fund	<u>1,604</u>	
TOTAL CAPITAL OR NONRECURRING.....		<u>5,725,243</u>	-

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**1. Interfund Payables and Receivables (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
<b>NONMAJOR FUNDS:</b>			
<b>SPECIAL REVENUE FUND:</b>			
Sewer Commission Usage Fund .....	General Fund	\$ 43,565	\$
Education Grant Fund .....	General Fund		72,995
Transfer Station Fund .....	General Fund		63,372
Recreation Fund .....	General Fund	12,281	
Gift Fund .....	General Fund	250	
EMS Fund .....	General Fund		15,000
TOTAL SPECIAL REVENUE FUNDS .....		56,096	151,367
<b>CAPITAL PROJECTS FUND:</b>			
Capital Projects Fund .....	Capital or Nonrecurring		1,604
Capital Projects Fund .....	General Fund	171,559	
TOTAL CAPITAL PROJECTS FUND .....		171,559	1,604
<b>PERMANENT FUNDS:</b>			
Edith Kenea Park & Tree Fund .....	General Fund		1,197
Hillside Cemetery Trust Fund .....	General Fund		69,891
TOTAL PERMANENT FUNDS .....		-	71,088
TOTAL NONMAJOR FUNDS .....		227,655	224,059
GRAND TOTAL .....		\$ 7,015,125	\$ 7,015,125

The Debt Service fund interfund balance is a result of amounts invested with General Fund monies. The capital projects balances relate to the timing of the payment of vendor invoices and the reimbursement of the general fund. All other interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**2. Interfund Transfers**

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

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
Debt Service Fund .....	N/A	\$	\$ 2,952,772
Capital or Nonrecurring Fund .....	N/A		247,094
Social Service Crisis Fund .....	N/A		1,000
EMS Fund .....	N/A	15,000	
Capital Projects Fund .....	N/A		8,640
Hillside Cemetery Trust Fund .....	N/A		26,000
<b>TOTAL GENERAL FUND .....</b>		<b>15,000</b>	<b>3,235,506</b>
<b>DEBT SERVICE FUND .....</b>	General Fund	<b>2,952,772</b>	<b>-</b>
<b>CAPITAL OR NONRECURRING FUND .....</b>	General Fund	<b>247,094</b>	<b>-</b>
<b>NONMAJOR FUNDS:</b>			
<b>SPECIAL REVENUE FUNDS:</b>			
Sewer Commission Usage Fund .....	Capital Projects Fund		159,970
Social Service Crisis Fund .....	General Fund	1,000	
EMS Fund .....	General Fund		15,000
<b>TOTAL SPECIAL REVENUE FUNDS .....</b>		<b>1,000</b>	<b>174,970</b>
<b>CAPITAL PROJECTS FUND:</b>			
Capital Projects Fund .....	General Fund	8,640	
Capital Projects Fund .....	Sewer Commission Usage Fund	159,970	
<b>TOTAL CAPITAL PROJECTS FUND .....</b>		<b>168,610</b>	<b>-</b>
<b>PERMANENT FUNDS:</b>			
Hillside Cemetery Trust Fund .....	General Fund	26,000	-
<b>TOTAL NONMAJOR FUNDS .....</b>		<b>195,610</b>	<b>174,970</b>
<b>GRAND TOTAL .....</b>		<b>\$ 3,410,476</b>	<b>\$ 3,410,476</b>

Transfers are used to account for the financing by the General Fund of various programs and activities in the Special Revenue Funds, Debt Service, Capital Projects and Capital or Nonrecurring Fund. In turn, the EMS Fund offsets its budget by transferring money to the general fund. surpluses (deficits) in the Sewer Commission Usage fund are transferred to (from) the WPCA Repair and Replacement Fund.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations - Bond Anticipation Notes**

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

Short-term obligation activity was as follows:

PURPOSE	BALANCE JULY 1, 2016	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2017
Various capital projects	\$2,910,000	\$7,800,000	\$2,910,000	\$7,800,000

The BANs carry an interest rate of 0.99% and mature in October 2017.

In October 2017, the Town issued \$7,620,000 of bond anticipation notes that mature in July 2018 and carry a coupon interest rate of 1.24%.

**F. Changes in Long-Term Obligations**

**1. Summary of Changes**

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2016 (As restated)	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017	CURRENT PORTION
<b>BONDS/NOTES</b>									
General Purpose:									
Refunding bond .....	\$ 417,938	02/05/10	08/15/18	1.50-3.00%	\$ 128,760	\$	\$ 43,660	\$ 85,100	\$ 42,920
Refunding bond .....	140,008	12/21/10	12/01/22	2.00-4.00	72,877		11,693	61,184	11,693
Improvement bond .....	4,570,571	05/01/13	05/01/33	2.00-4.00	3,844,472		235,691	3,608,781	231,213
Improvement bond .....	5,725,000	11/01/14	11/01/34	3.00-4.00	5,435,000		290,000	5,145,000	290,000
Refunding bond .....	5,809,500	05/19/15	02/01/30	3.00-4.00	5,377,500		382,500	4,995,000	342,000
Total General Purpose .....					14,858,609	-	963,544	13,895,065	917,826
Schools:									
Refunding bond .....	2,402,062	02/05/10	08/15/18	1.50-3.00	741,240		251,340	489,900	247,080
Refunding bond .....	6,244,960	12/21/10	12/01/22	2.00-4.00	3,250,617		521,537	2,729,080	521,537
Improvement bond .....	2,164,429	05/01/13	05/01/33	2.00-4.00	1,870,528		104,309	1,766,219	108,787
Improvement bond .....	300,000	11/01/14	11/01/34	3.00-4.00	240,000		60,000	180,000	60,000
Refunding bond .....	645,500	05/19/15	02/01/30	3.00-4.00	597,500		42,500	555,000	38,000
Total Schools .....					6,699,885	-	979,686	5,720,199	975,404
Sewer:									
Clean water .....	9,091,656	02/28/02	03/31/21	2.00	2,475,710		501,854	1,973,856	511,984
Refunding bond .....	556,000	12/21/10	12/01/22	2.00-4.00	291,506		46,770	244,736	46,770
Total Sewer .....					2,767,216	-	548,624	2,218,592	558,754
TOTAL BONDS/NOTES .....					24,325,710	-	2,491,854	21,833,856	2,451,984
PREMIUMS .....					745,964		69,452	676,512	-
TOTAL BOND/NOTES AND RELATED LIABILITIES .....					25,071,674	-	2,561,306	22,510,368	2,451,984
CAPITAL LEASE PAYABLE .....					47,429	39,758	37,055	50,132	36,895
NET PENSION LIABILITY .....					5,610,985	1,258,189	2,675,700	4,193,474	-
NET OPEB LIABILITY .....					26,024,293	2,340,678	1,122,398	27,242,573	-
COMPENSATED ABSENCES .....					1,016,778	30,673	71,322	976,129	146,419
TERMINATION BENEFITS (SEVERANCE) .....					250,426		84,901	165,525	83,471
TOTAL LONG-TERM OBLIGATIONS .....					\$ 58,021,585	\$ 3,669,298	\$ 6,552,682	\$ 55,138,201	\$ 2,718,769

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

All long-term liabilities are generally liquidated by the General Fund.

The following is a summary of debt maturities and of amounts to be provided by the State of Connecticut for repayment of school bonds:

FISCAL YEAR	BONDS		NOTES		STATE REIMBURSEMENT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	\$ 1,940,000	\$ 615,769	\$ 511,984	\$ 34,796	\$ 142,451	\$ 3,717
2019	1,910,000	549,406	522,318	24,462	139,995	1,268
2020	1,620,000	487,481	532,861	13,919		
2021	1,560,000	430,731	406,693	3,397		
2022	1,415,000	384,681				
2023	1,405,000	340,131				
2024	1,395,000	298,212				
2025	1,385,000	255,875				
2026	980,000	214,800				
2027	975,000	185,400				
2028	965,000	157,050				
2029	965,000	128,975				
2030	965,000	99,500				
2031	610,000	69,413				
2032	610,000	50,426				
2033	610,000	32,126				
2034	275,000	13,235				
2035	275,000	4,470				
TOTALS	\$19,860,000	\$ 4,317,681	\$ 1,973,856	\$ 76,574	\$ 282,446	\$ 4,985

**2. Statutory Debt Limitations**

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

CATEGORY	DEBT LIMIT	NET	
		INDEBTEDNESS	BALANCE
General purpose.....	\$ 42,384,841	\$21,695,065	\$ 20,689,776
Schools.....	84,769,682	5,437,753	79,331,929
Sewers.....	70,641,401	244,736	70,396,665
Urban renewal .....	61,222,548		61,222,548
Pension deficit .....	56,513,121		56,513,121

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**2. Statutory Debt Limitations (Continued)**

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$131,863,949.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$282,446 for bond principal is reflected as deductions in the computation of net indebtedness.

**3. Capital Leases**

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

Vehicles totaling \$115,989, net of accumulated depreciation of \$65,539, are recorded under the leases as. This year, \$22,668 was included in depreciation expense.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments.

Year Ending <u>June 30,</u>	
2018	\$ 39,900
2019	14,031
Less amount representing interest	<u>( 3,799)</u>
Present value of minimum lease payments	<u>\$ 50,132</u>

**4. Termination Benefits**

The Board of Education provides severance benefit payments to eligible former employees. Benefits are paid annually based on the retirement agreement for each employee and are payable through 2019. The benefits were paid from the General Fund Board of Education department.



TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**5. Authorized/Unissued Bonds**

The amount of authorized, unissued bonds is as follows:

PROJECT	BONDING AUTHORIZATION	PREVIOUSLY BONDED	AUTHORIZED BUT UNISSUED
Wastewater Treatment plant system upgrade ....	\$ 13,291,607	\$ 13,117,462	\$ 174,145
Black Rock School renovations.....	6,530,000	6,400,000	130,000
Altair Avenue Bridge project.....	220,000	106,572	113,428
Public works trucks .....	324,460	309,316	15,144
Refunding bonds.....	9,000,000	6,945,000	2,055,000
Seven Year Road Program .....	10,674,500	10,674,112	388
WPCA Upgrade – Phosphorus effluent limits .....	725,000	100,000	625,000
Communication system .....	3,975,000	3,475,000	500,000
Municipal building roofs .....	3,998,400	2,250,000	1,748,400
Fire truck .....	600,000	-	600,000
Payloader .....	150,000	-	150,000
Dump truck.....	194,900	-	194,900
Refunding bonds.....	7,000,000	6,455,000	545,000
Phase I Roadway Improvements .....	3,270,000	-	3,270,000
Hickory Hill Road .....	283,000	-	283,000
Road design .....	212,000	-	212,000
Phase II Thomaston Track Facility .....	2,350,000	-	2,350,000
TOTAL.....	<u>\$ 62,798,867</u>	<u>\$ 49,832,462</u>	<u>\$ 12,966,405</u>

The Wastewater Treatment plant, Black Rock School renovations, Altair Avenue Bridge project, Seven Year Road Program, Communication System and public works trucks are completed, and the Town does not intend to issue any bonds for the amounts authorized and unissued.

**G. Restricted Net Position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$260,388.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**H. Fund Balances**

Fund balances are composed of the following:

	GENERAL FUND	DEBT SERVICE	SMALL CITIES	CAPITAL OR NON- RECURRING	NONMAJOR FUNDS	TOTAL
<b><u>NONSPENDABLE:</u></b>						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 170,200	\$ 170,200
<b><u>RESTRICTED:</u></b>						
Cemetery maintenance.....	-	-	-	-	71,570	71,570
School lunch operations.....	-	-	-	-	99,382	99,382
Library operations.....	-	-	-	-	9,860	9,860
Park maintenance.....	-	-	-	-	42,019	42,019
Other.....	-	-	-	-	8,372	8,372
Revolving loan program.....	-	-	954,870	-	-	954,870
Sewer assessment.....	-	-	-	-	206,985	206,985
<b>TOTAL RESTRICTED.....</b>	<b>-</b>	<b>-</b>	<b>954,870</b>	<b>-</b>	<b>438,188</b>	<b>1,393,058</b>
<b><u>COMMITTED:</u></b>						
Fire department - training.....	-	-	-	-	6,318	6,318
Public safety - EMS.....	-	-	-	-	178,563	178,563
Cemetery maintenance.....	-	-	-	-	349,163	349,163
Other.....	-	-	-	-	8,695	8,695
Recreation programs.....	-	-	-	-	13,227	13,227
Approved CNR projects.....	-	-	-	-	654,872	654,872
<b>TOTAL COMMITTED.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,210,838</b>	<b>1,210,838</b>
<b><u>ASSIGNED:</u></b>						
Subsequent year's budget.....	675,000	-	-	-	-	675,000
Future debt service payments.....	-	916,931	-	-	-	916,931
<b>TOTAL ASSIGNED.....</b>	<b>675,000</b>	<b>916,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,591,931</b>
<b><u>UNASSIGNED.....</u></b>	<b>2,956,906</b>	<b>-</b>	<b>-</b>	<b>(2,269,865)</b>	<b>(4,727)</b>	<b>682,314</b>
<b>TOTAL.....</b>	<b>\$ 3,631,906</b>	<b>\$ 916,931</b>	<b>\$ 954,870</b>	<b>\$ (2,269,865)</b>	<b>\$ 1,814,499</b>	<b>\$ 5,048,341</b>

**I. Deficit fund balances**

The Transfer Station fund had a deficit fund balance at year end of \$4,727.

The deficit will be reduced or eliminated in future years as amounts are received for charges for services and transfers from the general fund.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. SUPPLEMENTAL and OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

The Town of Thomaston is a member of the Connecticut Interlocal Risk Management Agency ("CIRMA"), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's workers' compensation pool, a risk sharing pool, which began on July 1, 1980. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's workers' compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act.

**B. Commitments and Litigation**

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

**C. Pension Plan**

**1. Plan Description**

Plan Administration

The Town administers the Town of Thomaston Retirement Plan - a single-employer defined benefit pension plan that provides pensions for any person who has completed or is expected to complete a Year of Participation Service with a minimum of 1,250 hours and is employed by the employer, including the school nurse and paid elected officials. The plan was established through an ordinance at a Town Meeting and may be amended by the Board of Selectmen per Article IX of the Pension Plan. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**1. Plan Description (Continued)**

Management of the plan is vested in the Retirement Committee, which consists of four members appointed by the Board of Selectmen.

Plan membership

At January 1, 2017, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits .....	67
Inactive plan members entitled to but not yet receiving benefits. ....	19
Active plan members .....	<u>67</u>
Total .....	<u>153</u>

This plan was closed to new entrants in 2010. At that time, employees became eligible for participation in the Town's 457(b) deferred compensation plan.

**2. Benefit Provisions**

The plan provides retirement, disability and death benefits. Retirement benefits for Town employees are calculated as 2% of final average compensation times credited service for benefit accrual purposes, to a maximum of 50% of final average compensation. Town plan members employed after January 1, 1998 with 25 years of credited service can retire at the earlier of age 65 or 25 years of credited service. For Town plan members employed before January 1, 1998, they can retire at the earlier of age 55 and 10 years of credited service or the completion of 25 years of credited service. Town plan members with 10 years of credited service are eligible to receive an actuarially reduced benefit at age 55.

Retirement benefits for Police are calculated as 2.25% of final average compensation times credited service for benefit accrual purposes to a maximum of 67.5% of final average compensation. Police plan members can retire at full benefits at age 50 and the completion of 10 years of credited service, or the completion of 25 years of credited service.

All plan members are eligible for disability benefits after 10 years of service who become disabled. Disability retirement benefits are determined in the same manner as retirement benefits and are paid as an annuity, reduced by any workers' compensation payments. Death benefits will be paid if a member reaches age 55 and has at least 10 years of service. For a surviving spouse, the death benefit will be equal to 50% of the accrued benefit. If a participant dies without a surviving spouse, the beneficiary will receive a payment equal to the participant's net amount of contributions.

A plan member who leaves Town service may withdraw his or her net contributions. A plan member who completes 10 years of service may choose to receive his normal retirement benefit at the date of termination and commencing at his normal retirement age.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**2. Benefit Provisions (Continued)**

A plan member's retirement benefit may be increased, by majority vote of the Thomaston Retirement Committee, for cost of living adjustments. Such benefit increase may be reviewed every year in accordance with past practices to determine the amount of cost of living increase, if any, to be granted.

**3. Contributions**

Article IV of the Pension Plan provides that employees make mandatory contributions of 2 – 8% as required by their respective collective bargaining agreements or by their employment agreement with the employer.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 5.2% of annual base compensation, and the Town's average contribution rate was 19.5% of annual payroll.

**4. Investments**

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Committee by a majority vote of its members. It is the policy of the Town's Retirement Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the Board's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	40%
Domestic Equities	35%
International Equities	20%
Real Estate	<u>5%</u>
Total	<u>100%</u>

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**5. Concentrations**

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

**6. Rate of Return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**7. Net Pension Liability**

The components of the net pension liability were as follows:

Total pension liability	\$20,501,553
Plan fiduciary net position	<u>(16,308,079)</u>
Net pension liability	<u>\$ 4,193,474</u>
Plan fiduciary net position as percentage of the total pension liability	<u>79.55%</u>

**8. Actuarial Assumptions**

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

Actuarial cost method	Entry age
Asset valuation method	Fair value
Post-retirement increases	None
Inflation	2.25%
Salary increase	4.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality rates	Based on the RP 2014+ Mortality with social security generational improvement scale from 2006

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**8. Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.85%
International Equity	7.48%
Fixed Income	3.36%
Real Estate	6.35%
Cash	0.00%

The weighted average expected rate of return is 7.26%.

**9. Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**10. Changes in the Net Pension Liability**

The Town's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	\$ 20,251,046	\$ 14,640,061	\$ 5,610,985
Service cost	357,930	-	357,930
Interest	1,407,359	-	1,407,359
Differences between expected and actual experience	(414,928)	-	(414,928)
Changes in assumptions	(92,172)	-	(92,172)
Contributions - employer	-	790,000	(790,000)
Contributions - member	-	175,704	(175,704)
Net investment income	-	1,739,088	(1,739,088)
Benefit payments, including refunds of member contributions	(1,007,682)	(1,007,682)	-
Administrative expenses	-	(29,092)	29,092
Net change	250,507	1,668,018	(1,417,511)
Balance at June 30, 2017	\$ 20,501,553	\$ 16,308,079	\$ 4,193,474

The changes in assumptions had a minimal impact on the required contribution.

**11. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 7.00% 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$6,296,523	\$4,193,474	\$2,286,085



TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plan (Continued)**

**12. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the fiscal year, the Town recognized pension expense of \$118,554. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 433,032
Changes in assumptions	151,902	69,129
Net difference between projected and actual earnings on pension plan investments	248,249	-
Total	<u>\$ 400,151</u>	<u>\$ 502,161</u>
Net amount of deferred inflows and outflows		<u>\$ (102,010)</u>

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

Year Ending June 30:	
2018	\$102,939
2019	17,458
2020	(84,623)
2021	<u>(137,784)</u>
Total	<u>\$ (102,010)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which is also 5 years.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plan – Connecticut State Teachers’ Retirement Plan**

**1. Plan Description**

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

**2. Benefit Provisions**

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

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

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

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

**3. Contributions**

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

Employer (School Districts) - School District employers are not required to make contributions to the plan.

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plan – Connecticut State Teachers’ Retirement Plan (Continued)**

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

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

Town’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the Town	<u>22,376,509</u>
Total	<u>\$ 22,376,509</u>

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

For the fiscal year, the Town recognized pension expense and revenue of \$2,440,239 for on-behalf amounts for the benefits provided by the State.

**5. Actuarial Assumptions**

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

Inflation	2.75%
Salary increase	3.25-6.5%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table projected with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plan – Connecticut State Teachers' Retirement Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

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

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

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plan – Connecticut State Teachers' Retirement Plan (Continued)**

**6. Discount Rate**

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

**7. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

**8. Plan Fiduciary Net Position**

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

**E. Other Post-Employment Benefits Plan**

**1. Plan Description**

**a. Plan administration**

The Town administers two single-employer, post-retirement healthcare plans: Town (Police, Sewer, Highway, Non-Union and White Collar) and the Board of Education (Administrators, AFSCME, Non-Union, Superintendent, Teachers and Non-Union Cafeteria). The Board of Education plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. The Town plan is accounted for in a trust. The Board of Education plan is not currently accounted for in a trust. The Town plan does not issue a stand-alone financial report.

**b. Benefit provided**

The Town plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefits Plan (Continued)**

**1. Plan Description (Continued)**

**c. Employer Contributions**

The Town's recommended contributions are actuarially determined on an annual basis using the entry age normal method. The Town and Board of Education's total plan contributions were \$726,545 and \$174,221, respectively.

**d. Employee Contributions**

There are no employee contributions to the Town and Board of Education plans.

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

**e. Employees Covered by Benefit Terms**

As of July 1, 2016 for Town and Board of Education, the plans' membership consisted of:

	Town	Board of Education
Retirees and beneficiaries currently receiving benefits .....	51	18
Active plan members .....	19	86
TOTAL .....	<u>70</u>	<u>104</u>

**2. Investments**

**a. Investment Policy**

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement 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 following was the Board's adopted asset allocation policy for the Town Plan:

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**2. Investments (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	37.50%
Fixed Income	30.00%
Short Duration	10.00%
International Developed	8.00%
US Mid/Small Cap	7.50%
Real Estate	5.00%
International Emerging	2.00%
Cash	0.00%
Total	<u>100.00%</u>

**3. Concentrations**

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

**4. Rate of Return**

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.97% for the Town OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**5. Net OPEB Liability – Town and Board of Education Plans**

The components of the net OPEB liability were as follows:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Total OPEB liability	\$ 21,480,568	\$ 6,010,952
Plan fiduciary net position	<u>248,947</u>	<u>-</u>
Net OPEB liability	<u>\$ 21,231,621</u>	<u>\$ 6,010,952</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.2%</u>	<u>0.0%</u>

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**6. Actuarial Methods and Other Inputs**

The total OPEB liability for the plans was determined based upon a July 1, 2016 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage
Asset valuation method	Fair Value
<b><u>ACTUARIAL ASSUMPTIONS:</u></b>	
Discount rate - Town	5.60%
Discount rate - Board of Education	3.56%
Projected healthcare cost increases:	
Inflation	2.25%
Initial	9.00%
Ultimate	4.50%

The discount rate was based on the Standard and Poors municipal bond 20 year high grade index as of the measurement date. The discount rate increased from 5.33% to 5.60% for the Town Plan and decreased from 4.50% to 3.56% for the Board of Education Plan since the prior measurement date.

The healthcare cost rates reverted back to the initial rate of 9.00% and an ultimate rate of 4.50% since the prior measurement date.

Mortality rates were based on the SOA RPH-2016 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2016.

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



TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**6. Actuarial Methods and Other Inputs (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	7.80%
Fixed Income	4.40%
Short Duration	2.85%
International Developed	7.80%
US Mid/Small Cap	8.25%
Real Estate	6.65%
International Emerging	8.75%
Cash	2.60%

Inflation is estimated to be 3.50%

**7. Discount Rate**

The final equivalent discount rate used to measure the total OPEB liability was 5.60% for the Town Plan. For the Town Plan, the projection of cash flows used to determine the discount rate assumed that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Town Plan's long-term real rate of return is expected to be 7.00% but the plan investments are insufficient to pay for future benefits. Therefore the 20 year tax exempt general obligation municipal bond rate as of June 30, 2017 of 3.56% is used once the plan assets are exhausted resulting in the final equivalent rate of 5.60%

The Board of Education plan has no plan assets and therefore the discount rate used to measure the total OPEB liability is the 20 year tax exempt general obligation municipal bond rate as of June 30, 2017 of 3.56%. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**8. Changes in the Net OPEB Liability**

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

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**8. Changes in the Net OPEB Liability (Continued)**

Town Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2016	\$ 18,890,944	\$ 205,773	\$ 18,685,171
Service cost	219,329	-	219,329
Interest	1,001,418	-	1,001,418
Differences between expected and actual experience	2,266,952	-	2,266,952
Changes in assumptions	(196,530)	-	(196,530)
Contributions - employer	-	726,545	(726,545)
Net investment income	-	18,590	(18,590)
Benefit payments, including refunds of member contributions	(701,545)	(701,545)	-
Administrative expenses	-	(416)	416
Net change	2,589,624	43,174	2,546,450
Balance at June 30, 2017	\$ 21,480,568	\$ 248,947	\$ 21,231,621

**9. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability	1% Decrease 4.60%	Discount Rate 5.60%	1% Increase 6.60%
Town Plan	\$ 24,512,433	\$ 21,231,621	\$ 18,589,028

Net OPEB Liability	1% Decrease 2.56%	Discount Rate 3.56%	1% Increase 4.56%
Board of Education Plan	\$ 6,920,411	\$ 6,010,952	\$ 5,266,152

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**10. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease 8.00% decreasing to 3.50%	Discount Rate 9.00% decreasing to 4.50%	1% Increase 10.00% decreasing to 5.50%
<u>Net OPEB Liability</u>			
Town OPEB Plan	<u>\$ 18,557,753</u>	<u>\$ 21,231,621</u>	<u>\$ 24,527,583</u>
	1% Decrease 8.00% decreasing to 3.50%	Discount Rate 9.00% decreasing to 4.50%	1% Increase 10.00% decreasing to 5.50%
<u>Net OPEB Liability</u>			
Board of Education OPEB Plan	<u>\$ 5,217,706</u>	<u>\$ 6,010,952</u>	<u>\$ 6,996,932</u>

**11. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – Town and Board of Education Employees' Plans (continued)**

For the fiscal year the Town recognized OPEB expense of \$1,895,061 for Town and \$361,075 for Board of Education. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Town Plan</u>		
<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,511,301	\$ -
Changes in assumptions	-	131,020
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>2,212</u>
Total	<u>\$ 1,511,301</u>	<u>\$ 133,232</u>
Net amount of deferred inflows and outflows		<u>\$ 1,378,069</u>

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plan (Continued)**

**11. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – Town and Board of Education Employees' Plans (continued)**

<b><u>Board of Education Plan</u></b>		
<b><u>Description of Outflows/Inflows</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 817,182
Changes in assumptions	-	492,069
Total	<u>\$ -</u>	<u>\$ 1,309,251</u>
Net amount of deferred inflows and outflows		<u>\$ (1,309,251)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Experience losses (gains) are amortized over the average remaining service period of active and inactive participants, which was 6.5 years for the Town Plan and 7.8 years for the Board of Education Plan.

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

<b><u>Year Ending June 30,</u></b>	<b><u>Town Plan</u></b>	<b><u>Board of Education Plan</u></b>
2018	\$ 689,588	\$ (187,036)
2019	689,587	(187,036)
2020	(553)	(187,036)
2021	(553)	(187,036)
2022	-	(187,036)
Thereafter	-	(374,071)
Total	<u>\$ 1,378,069</u>	<u>\$ (1,309,251)</u>

TOWN OF THOMASTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**F. Prior Period Adjustment**

The government-wide net position was restated as follows due to the implementation of GASB Statement 75 which requires the Town to record the net OPEB liability in the government wide financials statements:

	Government - Wide
	<hr/>
Net position as previously reported at June 30, 2016	\$ 32,560,235
To remove net OPEB obligation previously recorded	7,602,473
To record beginning net OPEB liability (NOL)	<hr/> (26,024,293)
Net position as restated at July 1, 2016	<hr/> \$ 14,138,415 <hr/>

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**Required  
Supplementary  
Information**

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TOWN OF THOMASTON, CONNECTICUT

## TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR YEARS (1)SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 357,930	\$ 387,724	\$ 363,897	\$ 401,270
Interest	1,407,359	1,365,722	1,295,503	1,269,639
Differences between expected and actual experience	(414,928)	(110,825)	(265,689)	(19,597)
Changes of assumptions	(92,172)	-	607,611	-
Benefit payments, including refunds of member contributions	<u>(1,007,682)</u>	<u>(1,028,327)</u>	<u>(1,015,713)</u>	<u>(1,059,644)</u>
Net change in total pension liability	250,507	614,294	985,609	591,668
Total pension liability - July 1	<u>20,251,046</u>	<u>19,636,752</u>	<u>18,651,143</u>	<u>18,059,475</u>
Total pension liability - June 30 (a)	<u>\$ 20,501,553</u>	<u>\$ 20,251,046</u>	<u>\$ 19,636,752</u>	<u>\$ 18,651,143</u>
Plan fiduciary net position:				
Contributions - employer	\$ 790,000	\$ 800,000	\$ 830,000	\$ 924,999
Contributions - member	175,704	159,545	167,530	153,778
Net investment income	1,739,088	134,539	366,071	1,902,564
Benefit payments, including refunds of member contributions	(1,007,682)	(1,028,327)	(1,015,713)	(1,059,644)
Administrative expenses	<u>(29,092)</u>	<u>(35,932)</u>	<u>(35,337)</u>	<u>(31,839)</u>
Net change in plan fiduciary net position	1,668,018	29,825	312,551	1,889,858
Plan fiduciary net position - July 1	<u>14,640,061</u>	<u>14,610,236</u>	<u>14,297,685</u>	<u>12,407,827</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 16,308,079</u>	<u>\$ 14,640,061</u>	<u>\$ 14,610,236</u>	<u>\$ 14,297,685</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 4,193,474</u>	<u>\$ 5,610,985</u>	<u>\$ 5,026,516</u>	<u>\$ 4,353,458</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

## TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR YEARS (1)SCHEDULE OF NET PENSION LIABILITY

	2017	2016	2015	2014
Total pension liability	\$ 20,501,553	\$ 20,251,046	\$ 19,636,752	\$ 18,651,143
Plan fiduciary net position	(16,308,079)	(14,640,061)	(14,610,236)	(14,297,685)
Net pension liability	<u>\$ 4,193,474</u>	<u>\$ 5,610,985</u>	<u>\$ 5,026,516</u>	<u>\$ 4,353,458</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.55%</u>	<u>72.29%</u>	<u>74.40%</u>	<u>76.66%</u>
Covered payroll	<u>\$ 3,369,027</u>	<u>\$ 3,415,672</u>	<u>\$ 3,309,461</u>	<u>\$ 3,285,183</u>
Net pension liability as a percentage of covered payroll	<u>124.47%</u>	<u>164.27%</u>	<u>151.88%</u>	<u>132.52%</u>

SCHEDULE OF INVESTMENT RETURNS

	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	<u>12.71%</u>	<u>0.83%</u>	<u>1.89%</u>	<u>15.34%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.



TOWN OF THOMASTON, CONNECTICUT

## TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST 10 YEARSSCHEDULE OF CONTRIBUTIONS

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION EXCESS (DEFICIENCY)	COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL
2017	\$ 657,455	\$ 790,000	\$ 132,545	\$ 3,369,027	23.45%
2016	714,209	800,000	85,791	3,415,672	23.42%
2015	741,399	830,000	88,601	3,309,461	25.08%
2014	734,912	924,999	190,087	3,285,183	28.16%
2013	824,021	895,000	70,979	3,381,120	26.47%
2012	852,964	913,000	60,036	3,805,200	23.99%
2011	820,223	946,555	126,332	3,838,262	24.66%
2010	882,428	1,015,078	132,650	4,122,857	24.62%
2009	880,798	753,078	(127,720)	4,311,802	17.47%
2008	703,728	719,078	15,350	4,158,634	17.29%

**TOWN OF THOMASTON, CONNECTICUT**

## TOWN OF THOMASTON RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR YEARSNOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms	<b>2016-</b> effective July 1, 2016, the white collar, highway and non-union contribution rate will increase to 6.5%
Changes of assumptions	<b>2015</b> - The mortality table for police, public works, WPCA and highway members has been updated to RP-2014 blue collar mortality with social security generational improvement scale from 2006. The mortality table for all other members and beneficiaries has been update to the RP-2014 total mortality with social security generational improvement scale from 2006.
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2017, six months prior to the end of the fiscal year in which contributions are reported

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

Actuarial Cost Method	Entry age
Amortization Method	Level dollar, 20 years closed
Asset Valuation Method	Fair value of assets on the measurement date adjusted for a five year phase in of gains and losses of plan assets
Inflation	2.25%
Salary Increases	4.00%, average, including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Mortality	Based on the RP 2014+ Mortality with social security generational improvement security generational improvement

TOWN OF THOMASTON, CONNECTICUT

## STATE TEACHERS' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARS (3)SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2017	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>22,376,509</u>	<u>18,724,328</u>	<u>17,306,889</u>
Total	<u>\$ 22,376,509</u>	<u>\$ 18,724,328</u>	<u>\$ 17,306,889</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u> (2)	<u>N/A</u> (2)
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

SCHEDULE OF CONTRIBUTIONS

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

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

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

(3) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUTSTATE TEACHERS' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE YEARSNOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

TOWN OF THOMASTON, CONNECTICUT

## TOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017 (1)SCHEDULE OF CHANGES IN NET OPEB LIABILITY


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Total OPEB LIABILITY:	
Service cost	\$ 219,329
Interest	1,001,418
Difference between expected and actual experience	2,266,952
Changes in assumptions	(196,530)
Benefit payments, including refunds of member contributions	<u>(701,545)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	2,589,624
Total OPEB LIABILITY - JULY 1	<u>18,890,944</u>
Total OPEB LIABILITY - JUNE 30 (a)	<u>21,480,568</u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	726,545
Net investment income	18,590
Benefit payments, including refunds of member contributions	(701,545)
Administrative expenses	<u>(416)</u>
NET CHANGE IN FIDUCIARY NET POSITION	43,174
PLAN FIDUCIARY NET POSITION - JULY 1	<u>205,773</u>
PLAN FIDUCIARY NET POSITION - JUNE 30 (b)	<u>\$ 248,947</u>
NET OPEB LIABILITY - JUNE 30 (a)-(b)	<u>\$ 21,231,621</u>

(1) This schedule is intended to present information for 10 years.  
Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

## BOARD OF EDUCATION OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017 (1)SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY


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Total OPEB liability:	
Service cost	\$ 342,342
Interest	205,769
Difference between expected and actual experience	(933,922)
Changes in assumptions	(562,365)
Benefit payments, including refunds of member contributions	<u>(174,221)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(1,122,397)
Total OPEB liability - July 1	<u>7,133,349</u>
Total OPEB liability - June 30	<u><u>\$ 6,010,952</u></u>

(1) This schedule is intended to present information for 10 years.  
Additional years will be presented as they become available.

TOWN OF THOMASTON, CONNECTICUT

## TOWN OTHER POST-EMPLOYMENT BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017 (1)SCHEDULE OF NET OPEB LIABILITY

Total OPEB liability	\$ 21,480,568
Plan fiduciary net position	<u>(248,947)</u>
Net OPEB liability	<u>\$ 21,231,621</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.16%</u>
Covered payroll	<u>\$ 3,369,027</u>
Net OPEB liability as a percentage of covered payroll	<u>630.20%</u>

SCHEDULE OF INVESTMENT RETURNS

Annual money weighted rate of return, net of investment expense	<u>3.97%</u>
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(1) This schedule is intended to present information for 10 years.  
Additional years will be presented as they become available.

**TOWN OF THOMASTON, CONNECTICUT**

## OTHER POST-EMPLOYMENT BENEFIT PLANS

REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE YEARS (1)**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b><u>TOWN PLAN</u></b>					
<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2017	\$ 1,151,113	\$ 726,545	\$ (424,568)	\$ 2,664,332	27.3%
2016	1,558,534	685,657	(872,877)	2,546,003	26.9%
2015	1,480,136	631,108	(849,028)	2,471,848	25.5%
2014	1,249,797	652,571	(597,226)	2,310,927	28.2%
2013	1,225,729	607,716	(618,013)	2,243,618	27.1%
2012	1,059,036	514,196	(544,840)	2,400,858	21.4%
2011	1,045,568	582,499	(463,069)	2,330,960	25.0%
2010	1,071,050	499,864	(571,186)	N/A	N/A
2009	1,026,727	475,073	(551,654)	N/A	N/A
<b><u>BOARD OF EDUCATION PLAN</u></b>					
<u>Fiscal Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2017	\$ 548,111	\$ 174,221	\$ (373,890)	N/A	N/A
2016	444,515	170,062	(274,453)	7,280,013	2.3%
2015	456,347	156,020	(300,327)	7,067,974	2.2%
2014	414,469	188,015	(226,454)	7,458,734	2.5%
2013	434,272	181,447	(252,825)	7,241,489	2.5%
2012	495,837	159,683	(336,154)	7,846,462	2.0%
2011	514,993	164,335	(350,658)	7,617,924	2.2%
2010	534,839	186,177	(348,662)	N/A	N/A
2009	507,023	171,098	(335,925)	N/A	N/A

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

N/A - Not available



**TOWN OF THOMASTON, CONNECTICUT**

## TOWN OF THOMASTON OTHER POST-EMPLOYMENT BENEFIT PLANS

REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR YEARSNOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms	None
Changes of assumptions	<p><b>2017</b> -The discount rate changed from 5.33% to 5.60% for the Town and from 4.50% to 3.56% for the Board of Education.</p> <p>The payroll growth assumption was changed from 3.0% to 4.0%</p> <p>Health care trend rates were reset to 9.0% -4.5% increasing the liability of the Town</p> <p>Mortality table has been updated from SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014 to SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016.</p> <p>The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal level percent.</p>

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent
Asset Valuation Method	Fair Value
Investment Rate of Return -Town and Board of Ed	5.60% and 3.56% respectively
Healthcare Inflation rate - Initial	9.00%
Healthcare Inflation rate - Ultimate	4.50%
Inflation rate	3.50%
Mortality	SOA RPH-2016 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2016

## ***Appendix B***

### ***Form of Legal Opinion of Bond Counsel and Tax Exemption***

## **APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION**

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser 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 purchaser.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

Town of Thomaston, Connecticut  
Town Office Building  
158 Main Street  
Thomaston, Connecticut 06787

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Thomaston, Connecticut (the "Town") of its \$8,415,000 General Obligation Bonds, Issue of 2018, dated July 17, 2018, maturing July 15, 2019-2038 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of July 17, 2018, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Bonds under the authority of the constitution and statutes of the State of Connecticut, and that the Bonds are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on

the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, for the purpose of computing the federal alternative minimum tax imposed on corporations.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. We are of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulations or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

## **CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.**

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

*Recent Tax Legislation.* The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. The Tax Cuts and Jobs Act (H.R. 1) (the "Act") passed in both the House of Representatives and the Senate and was signed into law by the President on December 22, 2017. The Act changes the income tax rates for individuals and corporations and repeals the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2017. The Act also modifies the alternative minimum tax imposed on individuals.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

*Alternative Minimum Tax.* The Code imposes an alternative minimum tax on individuals and for those corporations with tax years beginning prior to January 1, 2018. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. 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 an item of tax preference for purposes of calculating federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax on corporations.

*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 shall be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

*Changes in Federal Tax Law.* Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that 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.

*Other.* As noted above, interest on the Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

#### **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, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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 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 prices of certain maturities of the Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof

under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

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

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

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

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

\* \* \* \* \*

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.



## ***Appendix C***

### ***Form of Continuing Disclosure Agreement***

## **APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT**

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed 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 a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds substantially in the following form:

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (the "Agreement") is made as of the 17<sup>th</sup> day of July, 2018 by the Town of Thomaston, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$8,415,000 General Obligation Bonds, Issue of 2018, dated July 17, 2018 (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:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"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 Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2018), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, 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 Town prepares its financial statements in accordance with generally accepted accounting principles.

(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 preceding 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 and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the Town per capita,
- G. ratios of the total direct debt and total direct net debt of the Town to the Town'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 Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2018. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website 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 Town 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 for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

### **Section 3. Listed Events.**

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, 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 security, 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 Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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 Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town 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 Town or by any agents which may be employed by the Town for such purpose from time to time.

#### **Section 6. Termination.**

The obligations of the Town 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 Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

#### **Section 7. Identifying Information.**

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

#### **Section 8. Enforcement.**

The Town 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 Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the First Selectman receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town of Thomaston, Town Office Building, 158 Main Street, Thomaston, Connecticut 06787. In the event the Town 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 Town expressly acknowledges and the beneficial owners are hereby deemed to expressly 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 9. Miscellaneous.**

(a) The Town 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 Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

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

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) 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 Town, (ii) the Agreement as so amended

or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF THOMASTON, CONNECTICUT

By \_\_\_\_\_  
Edmond V. Mone  
First Selectman

By \_\_\_\_\_  
Kristin Mosimann  
Treasurer

By \_\_\_\_\_  
Tracy A. Decker  
Finance Director

## ***Appendix D***

### ***Notice of Sale***

## NOTICE OF SALE

**\$8,415,000**

### TOWN OF THOMASTON, CONNECTICUT

#### GENERAL OBLIGATION BONDS, ISSUE OF 2018 BOOK-ENTRY-ONLY

**ELECTRONIC PROPOSALS via PARITY®** ("PARITY") will be received by the Town of Thomaston, Connecticut (the "Town"), at the Office of the Finance Director, Town Hall Building, 158 Main Street, Thomaston, 06787 until **11:30 A.M. (Eastern Daylight Time) on WEDNESDAY,**

**JUNE 27, 2018**

for the purchase, when issued, of the whole of the Town's \$8,415,000 General Obligation Bonds, Issue of 2018, dated July 17, 2018, bearing interest payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2019, and maturing on July 15 in each year as follows:

2019	\$485,000	2029	\$400,000
2020	\$485,000	2030	\$400,000
2021	\$485,000	2031	\$400,000
2022	\$485,000	2032	\$400,000
2023	\$485,000	2033	\$400,000
2024	\$485,000	2034	\$315,000
2025	\$485,000	2035	\$315,000
2026	\$485,000	2036	\$315,000
2027	\$480,000	2037	\$315,000
2028	\$480,000	2038	\$315,000

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about July 17, 2018. The Bonds shall be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The 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.

The Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2024 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after July 15, 2023, 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 price (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:



**Redemption Dates**  
July 15, 2023 and thereafter

**Redemption Price**  
100%

**Proposals.** All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$8,415,000 Bonds, or for less than par and accrued interest, will be considered.**

**Basis of Award.** As between proposals which comply with this Notice of Sale, 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 July 17, 2018, 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 Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

**Electronic Proposals Bidding Procedure.** Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY by **11:30 A.M. (Eastern Daylight Time), on Wednesday, June 27, 2018.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY, the bidder represents and warrants to the Town that such bidder's proposal 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 proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, 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 proposal 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 proposal 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 proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals 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 proposal for the Bonds, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY, this Notice of Sale shall control.

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 proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

**Bond Counsel Opinion.** The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals, and for tax years beginning prior to January 1, 2018, the federal alternative minimum tax imposed on corporations; and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

**Obligation to Deliver Issue Price Certificate.** Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Bonds. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, Email: bbernabe@muniadvisors.com, Telephone: (203) 283-1110, municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

**Competitive Sale Rule Met.** If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

**Competitive Sale Rule Not Met.** By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5<sup>th</sup>) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

**Preliminary Official Statement and Official Statement.** The Town has prepared a Preliminary Official Statement dated June 18, 2018 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision and amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

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

**DTC Book-Entry.** The Bonds will be issued by means of a book-entry-only 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. Ownership of the Bonds will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures 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 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 and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

**Certifying, Transfer and Paying Agent; Registrar.** The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

**CUSIP Numbers.** The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Phoenix Advisors, LLC, to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Phoenix Advisors, LLC, will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Continuing Disclosure Agreement.** The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information on or before a date specified. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

**Additional Information.** For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated June 18, 2018. The Preliminary Official Statement may be accessed via the Internet at <https://munihub.com>. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, telephone (203) 283-1110.

June 18, 2018

Edmond V. Mone  
First Selectman

Kristin Mosimann  
Treasurer

Tracy A. Decker  
Finance Director

# ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Thomaston, Connecticut  
\$8,415,000 General Obligation Bonds, Issue of 2018

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated June 18, 2018 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<b>10% Sale Rule</b> (Underwriter has or will comply with 10% Sale Rule for this Maturity)		<b>Hold the Offering Price Rule</b> (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
07/15/2019	\$ 485,000	____%		\$ _____		\$ _____
07/15/2020	485,000	____%		\$ _____		\$ _____
07/15/2021	485,000	____%		\$ _____		\$ _____
07/15/2022	485,000	____%		\$ _____		\$ _____
07/15/2023	485,000	____%		\$ _____		\$ _____
07/15/2024	485,000	____%		\$ _____		\$ _____
07/15/2025	485,000	____%		\$ _____		\$ _____
07/15/2026	485,000	____%		\$ _____		\$ _____
07/15/2027	480,000	____%		\$ _____		\$ _____
07/15/2028	480,000	____%		\$ _____		\$ _____
07/15/2029	400,000	____%		\$ _____		\$ _____
07/15/2030	400,000	____%		\$ _____		\$ _____
07/15/2031	400,000	____%		\$ _____		\$ _____
07/15/2032	400,000	____%		\$ _____		\$ _____
07/15/2033	400,000	____%		\$ _____		\$ _____
07/15/2034	315,000	____%		\$ _____		\$ _____
07/15/2035	315,000	____%		\$ _____		\$ _____
07/15/2036	315,000	____%		\$ _____		\$ _____
07/15/2037	315,000	____%		\$ _____		\$ _____
07/15/2038	315,000	____%		\$ _____		\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

**[NAME OF UNDERWRITER/  
REPRESENTATIVE]**

By: \_\_\_\_\_  
Name:  
Title:

Email this completed and executed certificate to the following by 5:00 P.M. (EDT) on June 28, 2018:  
**Bond Counsel:** bchudwick@goodwin.com    **Municipal Advisor:** bbernabe@muniadvisors.com

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