

Preliminary Official Statement Dated July 17, 2018

NEW MONEY ISSUE: Book-Entry-Only

RATING: Moody's Investors Service: "Aa2"

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



Town of Bethany, Connecticut \$3,230,000 General Obligation Bonds, Issue of 2018

Dated: Date of Delivery

**Due: August 1, 2020 - 2034,
As shown on the cover hereof:**

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2020	\$ 220,000	.._%	.._%	086653__	2028	\$ 215,000	.._%	.._%	086653__
2021	215,000	.._%	.._%	086653__	2029	215,000	.._%	.._%	086653__
2022	215,000	.._%	.._%	086653__	2030	215,000	.._%	.._%	086653__
2023	215,000	.._%	.._%	086653__	2031	215,000	.._%	.._%	086653__
2024	215,000	.._%	.._%	086653__	2032	215,000	.._%	.._%	086653__
2025	215,000	.._%	.._%	086653__	2033	215,000	.._%	.._%	086653__
2026	215,000	.._%	.._%	086653__	2034	215,000	.._%	.._%	086653__
2027	215,000	.._%	.._%	086653__					

The Bonds will bear interest payable February 1, 2019 and semiannually thereafter on August 1 and February 1 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Tuesday, July 24, 2018, at Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460.

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

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

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about August 6, 2018.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. 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, salesman or other person has been authorized by the Town of Bethany, Connecticut (the “Town”) to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

Table of Contents

	<u>Page</u>		<u>Page</u>
Bond Issue Summary	1	IV. Tax Base Data	20
I. Bond Information	2	Property Tax - Assessments.....	20
Introduction.....	2	Property Tax - Collection Procedure.....	20
Municipal Advisor.....	2	Comparative Assessed Valuations.....	21
Description of the Bonds.....	2	Property Tax Levies and Collections.....	22
Redemption Provisions.....	3	Property Taxes Receivable.....	22
Authorization and Purpose.....	3	Ten Largest Taxpayers.....	22
Book-Entry-Only Transfer System.....	4	V. Debt Summary	23
DTC Practices.....	5	Principal Amount of Indebtedness.....	23
Replacement Securities.....	5	Short-Term Debt.....	23
Security and Remedies.....	6	Annual Bonded Debt Maturity Schedule.....	24
Qualification for Financial Institutions.....	6	Overlapping/Underlying Debt.....	24
Availability of Continuing Information.....	7	Debt Statement.....	25
Ratings.....	7	Current Debt Ratios.....	25
II. The Issuer	8	Temporary Financing.....	26
Description of the Municipality.....	8	Limitation of Indebtedness.....	26
Government Organization.....	9	Statement of Debt Limitation.....	27
Town Officials.....	9	Authorized but Unissued Debt.....	27
Summary of Municipal Services.....	9	Ratio of Total General Fund Debt Service Expenditures to Total General Fund Expenditures and Transfers Out....	28
Educational System.....	11	VI. Financial Administration	29
School Enrollment.....	11	Fiscal Year.....	29
School Facilities.....	12	Basis of Accounting.....	29
Employee Relations and Collective Bargaining.....	12	Audit.....	29
Municipal Employees.....	12	Pension Plans.....	29
Employee Relations.....	12	Other Post Employment Benefits.....	32
Binding Arbitration.....	13	Investment Policy.....	31
III. Economic and Demographic Section	14	Risk Management.....	31
Population and Density.....	14	Comparative Balance Sheet.....	32
Age Distribution of the Population.....	14	General Fund Revenues and Expenditures.....	33
Income Distribution.....	15	Intergovernmental Revenues.....	34
Income Levels.....	15	VII. Legal and Other Information	35
Educational Attainment.....	15	Litigation.....	35
Major Employers.....	16	Documents Furnished at Delivery.....	35
Employment by Industry.....	16	Concluding Statement.....	36
Employment Data.....	17		
Commute to Work.....	17	Appendix A: 2017 Financial Statements Excerpted from the Town's Annual Financial Report	
Age Distribution of Housing.....	17	Appendix B: Opinion of Bond Counsel and Tax Status	
Housing Units by Type of Structure.....	18	Appendix C: Form of Continuing Disclosure Agreement	
Housing Unit Vacancy Rates.....	18	Appendix D: Notice of Sale	
Owner Occupied Housing Units.....	18		
Building Permits.....	19		
Number and Size of Households.....	19		

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

Date of Sale:	Tuesday, July 24, 2018 at 11:30 A.M. (Eastern Time).
Location of Sale:	Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460.
Issuer:	Town of Bethany, Connecticut (the "Town").
Issue:	\$3,230,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
Dated Date:	August 6, 2018.
Principal and Interest Due:	Principal due serially August 1, 2020 through August 1, 2034. Interest due February 1 and August 1 in each year until maturity, commencing February 1, 2019.
Authorization and Purpose:	The Bond proceeds will be used to provide funds for various general purpose and school projects.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town of Bethany, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town received a rating of "Aa2" on the Bonds from Moody's Investors Service ("Moody's").
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Status:	See Appendix B - "Opinion of Bond Counsel and Tax Status".
Bank Qualification:	The Bonds <u>shall</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of the occurrence of certain events with respect to the Bonds and 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 to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 283-1110. Email: bbernabe@muniadvisors.com.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 6, 2018. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Thomas G. Broesler, CPA, Finance Manager, Bethany Town Hall, 40 Peck Road, Bethany, Connecticut 06524, Telephone: (203) 393-2100, ext. 123.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Bethany, Connecticut (the "Town"), in connection with the issuance and sale of \$3,230,000 General Obligation Bonds, Issue of 2018 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated July 17, 2018 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D for the terms and conditions of the bidding.

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

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

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

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

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut serves as Municipal Advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). The information in this Official Statement has been prepared by the Town of Bethany, with the help of the Municipal Advisor. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will mature on August 1 in each of the years as set forth on the cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the cover page, payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2019. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before August 1, 2024 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after August 1, 2024 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 1, 2024 and thereafter.....	100%

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

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

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

Authorization and Purpose

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town of Bethany, and to borrowing resolutions approved by the voters of the Town.

<u>Project</u>	<u>Aggregate Amount Authorized</u>	<u>This Issue: The Bonds</u>
Bethany Community School	\$ 1,260,000	\$ 780,000
Fire Truck	575,000	520,000
Salt Shed	350,000	310,000
Emergency Communication Antenna	1,625,000	1,620,000
Total	\$ 3,810,000	\$ 3,230,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One 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 Standard & Poor’s highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

DTC Practices

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

Replacement Securities

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the 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 will 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 and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

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

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

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

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

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

Qualification for Financial Institutions

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

Availability of Continuing Information

The Town 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 on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Bonds and Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Underwriter's obligation to purchase the Bonds shall be conditioned upon their receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

In the past five years the Town has complied in all material respects with its obligations under any previous undertaking for the benefit of holders of its debt obligations to provide annual financial information or event notices pursuant to Rule 15c2-12(B)(5), except for the failure to make timely filings by February 28, 2014 the Town's fiscal year end audited financial statements and certain specified financial information for the fiscal year ending on June 30, 2013. The Town filed such financial statements and financial information with the NRMSIRs on April 22, 2014.

Ratings

The Town received a rating of "Aa2" on the Bonds from Moody's Investors Service ("Moody's"). The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town's bonds and notes, including the Bonds.

(The remainder of this page intentionally left blank)

II. The Issuer



Description of the Municipality

The Town of Bethany covers an area of 21.6 square miles and is located northwest of New Haven, between Naugatuck to the north and Hamden to the east. The area was settled in approximately 1700 as part of Amity Parish. Bethany Parish obtained independent status in 1762, when the Congregational Church was established. After the Revolution, the two parishes were incorporated as the Town of Woodbridge. In 1832, Bethany was separated from Woodbridge and incorporated as the Town of Bethany.

The Town is predominantly a residential community with some agricultural activity. There is minimal industrial and commercial activity. Although approximately one-third of the Town's land is owned by the South Central Connecticut Regional Water Authority, the Birmingham Water Company or the Connecticut Water Company, there is ample room for expansion of housing to meet population increases and industrial growth without adversely affecting the country atmosphere.

The Town of Bethany is traversed by State Routes 63 and 69 running north-south and Route 42 running east-west. Numerous motor common carriers provide freight service to the Town. The Interstate 95 and Interstate 91 junction in New Haven is 10 miles to the south. Air transportation is available at Tweed-New Haven, Bridgeport, Bradley International, LaGuardia and Kennedy airports with connections both nationally and internationally available. Metro North, Amtrak and the Metroliner Service provide rail transportation and are available in New Haven.

Government Organization

Bethany is administered by a First Selectman, who acts as the Chief Executive Officer, a three-member Board of Selectmen, and a six-member Board of Finance that constitute the Selectmen/Board of Finance form of government.

The Board of Finance is the budget-making authority and is responsible for financial and taxation matters, presenting the annual budget at the Annual Budget Meeting for budget approval and setting the annual tax rate.

General Town elections are held on the first Monday in May of each odd-numbered year to elect the First Selectman, Board of Selectmen, Town Treasurer, Tax Collector, Town Clerk, Board of Finance and certain other positions as called for in the Town Code. The terms of office for Selectmen, Treasurer and Tax Collector are two years; the Board of Finance and Board of Education are staggered six-year terms, and all others are four-year terms.

The Town has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes.

The legislative power of the Town is vested exclusively in the Town Meeting, except as otherwise provided for by the electors. The Town meeting has the power to enact, amend, or repeal ordinances consistent with State Statutes. The electors have the power to approve or reject an ordinance by referendum, as provided in State Statutes.

Town Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection/Term</i>	<i>Length Of Service</i>
First Selectman	Derrylyn Gorski	Elected/2 years	14 years
Selectman	Donald R. Shea, Jr.	Elected/2 years	10 years
Selectman	Clark D. Hurlburt	Elected/2 years	2 years
Treasurer	Lawrence B. Eisner	Elected/2 years	9 years
Finance Manager	Thomas Broesler	Appointed	3 years
Town Clerk	Nancy A. McCarthy	Elected/4 years	13 years
Tax Collector	Fran Doba	Elected/2 years	6 months
Chairman, Board of Finance.....	John F. Grabowski	Elected/6 years	5 years
Town Attorney	Kevin McSherry	Appointed	14 years
Superintendent of Schools	Colleen M. Murray	Appointed	2 years

Summary of Municipal Services

Police: Police services are provided by one resident state police trooper assigned to the Town. The Bethany State Police Troop I, located on Route 63 in Bethany, also assists the Town when situations warrant additional support. The Town also has two constables who assist with local protection.

Fire/Emergency: Fire protection and emergency services are provided by 60 volunteer firefighters and EMTs, one volunteer fire chief and one Town-appointed fire marshal. The department operates out of two firehouse facilities with three pumpers, two tankers, one brush truck, one rescue truck, one ladder truck, one utility truck, two ambulances and an advance “fly” car. The department is dispatched through a central 911 dispatch center.

Public Works and Engineering: The Public Works Department provides the Town with professional technical service-oriented activities that are necessary to operate and service the community. The Public Works Department maintains over 60 miles of roads in Town. Substantial public improvements of an ongoing nature are provided by the department. Annually, the Town has a paving and road repair program that is prioritized according to an organized maintenance program. A highway complex consisting of a garage, salt shed and recycling center was upgraded in 1997.

Water Pollution Control: The Town is served primarily by individual septic systems. The Town does not operate a sanitary sewer system nor is it anticipated that one will be required in the near term.

Parks and Recreation: There are approximately 1,574 acres of open space for Town residents that consist of 447 acres of Town-owned land, 547 acres of State land, 230 acres of land owned by the Bethany Land Trust, and 350 acres of land owned by the South Central Connecticut Regional Water Authority, Birmingham Utilities and the Connecticut Water Company are open for passive recreation and fishing.

The Town owns and operates Veterans Memorial Park; a recreational facility comprising 170 acres of land, an eight-acre pond, a 4,500-square-foot clubhouse, a 2,700-square-foot pavilion, tennis and basketball courts, soccer fields and a playground that is 90% wheelchair accessible. This facility is the Town's primary swimming and recreational facility and provides space for passive and active recreation. The clubhouse and pavilion provide space for meetings and Town functions and is available for rental to townspeople and the general public.

Various recreational and social activities are under the control of the Park and Recreation Commission. Lifeguards are provided for safety, and swimming lessons are given to residents. The Park and Recreation Commission sponsors special events, provides programs for special-interest groups of all ages, assists community groups in planning recreational activities, conducts workshops and clinics, and provides summer camps for children ages 3–12. Also offered are a wide variety of programs such as tennis, aerobics fitness, volleyball, basketball and after-school programs for youngsters.

The Bethany Athletic Association and the Beth-Wood Baseball League run baseball and softball instruction and leagues for children ages 3–18.

Solid Waste: The Town provides curbside collection of solid waste through a private contractor for all residential properties. The disposed solid waste is trucked to the Greater Bridgeport Regional Solid Waste Interlocal Committee, operated by Wheelabrator, for \$62.30 per ton until June 30, 2019. This set fee for tonnage includes all costs and is reviewed annually. The Town operates a recycling center for glass, cans, metal, plastic bottles, loose paper, cardboard, newspapers, waste oil, tires, electronics and bulky waste. Bethany is also a member of the South Central Regional Hazardous Waste Facility located in New Haven.

Library: The Clark Memorial Library, which is operated by a private nonprofit organization governed by a Board of Directors, is available for use by the Town's citizens. In 1996 the facility was increased by more than 100% to accommodate over 30,000 volumes and additional space required for future needs. The library has the largest number of volumes per capita in the State of Connecticut. The library budget is partially funded by the Town, and the library is staffed by a full- and part-time professional staff. The library has the use of computer data retrieval technologies, including CD-ROMs and microfiche.

Planning and Zoning Commission: The Town has a combined Planning and Zoning Commission, working with the First Selectman and Town Engineer, whose duties are to guide, control and approve all design work and site development to conform with the Town and State standards and regulations. The Town adopted a revised Town Plan of Conservation and Development effective January 1, 1999. The latest revision to the zoning regulations was effective October 1, 2006.

Water: Most individual homes and businesses are served by private wells for water in the Town of Bethany. Currently there are only a few homes that are provided with water through the South Central Connecticut Regional Water Authority (the "Authority"). The Authority was created by Special Act 78-24 of the Connecticut General Assembly. The Authority acquired the New Haven Water Company and provides water services to the Town of Bethany and the New Haven region. Under the legislation creating the Authority, the Authority is required to pay the Town an annual payment in lieu of taxes for Authority property with Town boundaries. The assessed value of the Authority's property in Bethany was \$8,748,940 on the grand list of 2016, generating a PILOT payment of \$322,836 for fiscal year 2017–18.

Educational System

An elected nine-member Board of Education with six-year staggered terms is responsible for the operation of the one Bethany public school providing comprehensive educational programs to students in grades pre-kindergarten through six. The public school also offers comprehensive special education courses and a wide variety of extracurricular activities. The Town is represented on the Amity Regional School District Number 5 (the “District”) by two elected members with four-year terms.

Grades seven through twelve are served by the District. The District was approved by the voters of the member towns of Bethany, Orange and Woodbridge and organized under the provisions of Connecticut General Statutes on January 21, 1953. The District currently serves grades seven through twelve of all of the member towns. A complete program of basic skills is offered to all students. The District also offers adult education and a wide variety of educational courses to numerous segments of the community.

The District’s operating and debt service expenses are paid from state grants for education, transportation, tuition reimbursement, bond subsidy, and by the member towns in proportion to the number of students attending from each member town. The estimated percentages for fiscal year 2018–19 are Bethany 19.29%, Orange 50.18% and Woodbridge 30.53%. In accordance with a budget for operation of the District, member towns make payments in monthly installments on a current cash basis.

Pursuant to the Connecticut General Statutes, if a member Town of the District fails to include in its annual Town budget amounts necessary to pay for its proportionate share of the annual District budget, ten or more taxable inhabitants of a Town within such regional school district, a majority of the board of selectmen of any such Town, the State attorney general, a holder or owner of bonds or notes of such regional school district, the board of education of such regional school district or the State Board of Education may petition the Superior Court to determine the amount of the alleged deficiency. If the court finds such deficiency to exist, it shall order such delinquent Town, through its treasurer, selectmen and assessor, to provide a sum of money equal to such deficiency, together with a sum of money equal to twenty-five percent thereof. The amount of the deficiency shall be paid by the delinquent Town of the regional school district as soon as it is available; the additional sum of twenty-five percent shall be kept in a separate account by such Town and shall be applied toward payment of such Town’s share of the annual budget of the regional school district in the following year. If such order is made after the fixing of the annual tax rate of such delinquent Town, the sums included in such order shall be provided by the Town from any available cash surplus, from any contingent fund, from borrowing, through a rate bill under the provisions of Section 12-123 of the Connecticut General Statutes, or from any combination thereof.

School Enrollment

School Year	Grades K-6	Grades 7-8	Grades 9-12	Total Enrollment
Historical				
2008-09	549	849	1,701	3,099
2009-10	515	873	1,676	3,064
2010-11	512	826	1,688	3,026
2011-12	492	766	1,683	2,941
2012-13	484	754	1,656	2,894
2013-14	445	743	1,633	2,821
2014-15	416	728	1,599	2,743
2015-16	385	697	1,532	2,614
2016-17	330	514	1,524	2,368
2017-18	322	713	1,461	2,496
Projected				
2018-19	266	675	1,491	2,432
2019-20	284	705	1,455	2,444
2020-21	283	688	1,433	2,404

Source: Town of Bethany, Board of Education

School Facilities

Facility	Grades	Date of Construction (Last Remodeled)	Numbers of Classrooms	Enrollment 10/1/2017	Rated Capacity
Bethany Elementary.....	Pre-K-6	1956 (1999)	42	322	782
Orange Middle School	7-8	1959 (2005)	17	394	588
Bethany Middle School	7-8	1963 (2005)	23	128	600
Woodbridge Middle School	7-8	1960 (1997)	49	242	950
Amity Regional High School ...	9-12	1956 (2005)	63	1,438	1,700
Total.....			194	2,524	4,620

Employee Relations and Collective Bargaining Municipal Employees

	2017-18	2016-17	2015-16	2014-15	2013-14
General Government.....	36	35	35	35	35
Board of Education.....	76	76	76	76	76
Total.....	112	111	111	111	111

¹ Full-time equivalent.

Source: Town of Bethany

Employee Relations

General Government	Bargaining Organizations	Positions Covered	Current Contract Expiration Date
Highway Department	AFSCME, Local 1303 of Connecticut Council 4	6	6/30/2018 ¹
Non-Union.....		30	
Sub-Total.....		36	
Board of Education			
Certified Teachers	Bethany Education Association	43	6/30/2021
Teachers' Aides	CSEA-SEIU Local 2001	10	6/30/2020
Non-Union.....		23	
Sub-Total.....		76	
Total		112	

¹ In negotiation

Source: Town of Bethany

Binding Arbitration

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

(The remainder of this page intentionally left blank)

III. Economic and Demographic Information

Population and Density

Year	Population ¹	% Increase (Decrease)	Density ²
2016 ³	5,521	-0.8%	255.6
2010	5,563	10.4%	257.5
2000	5,040	9.4%	233.3
1990	4,608	6.4%	213.3
1980	4,330	12.3%	200.5
1970	3,857	--	178.6

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

² Per square mile: 28.8 square miles

³ American Community Survey 2012-2016

Age Distribution of the Population

Age	Town of Bethany		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	229	4.1%	188,812	5.3%
5 to 9 years	392	7.1	210,557	5.9
10 to 14 years	443	8.0	228,543	6.4
15 to 19 years	240	4.3	252,522	7.0
20 to 24 years	204	3.7	242,007	6.7
25 to 34 years	378	6.8	438,471	12.2
35 to 44 years	870	15.8	439,606	12.3
45 to 54 years	806	14.6	545,977	15.2
55 to 59 years	476	8.6	263,778	7.4
60 to 64 years	602	10.9	223,274	6.2
65 to 74 years	526	9.5	303,959	8.5
75 to 84 years	309	5.6	163,137	4.5
85 years and over	46	0.8	87,927	2.5
Total.....	5,521	100.0%	3,588,570	100.0%
Median Age (Years) 2016.....	45.1		40.6	
Median Age (Years) 2010.....	44.2		40.0	

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

Source: American Community Survey 2012-2016

Income Distribution

	Town of Bethany		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	22	1.4%	29,623	3.3%
\$10,000 to \$14,999.....	-	-	17,060	1.9
\$15,000 to \$24,999.....	45	2.8	44,354	5.0
\$25,000 to \$34,999.....	47	3.0	54,456	6.1
\$35,000 to \$49,999.....	75	4.7	81,300	9.1
\$50,000 to \$74,999.....	162	10.2	137,336	15.4
\$75,000 to \$99,999.....	253	16.0	124,033	13.9
\$100,000 to \$149,999...	370	23.4	186,214	20.8
\$150,000 to \$199,999...	322	20.3	96,075	10.7
\$200,000 or more.....	288	18.2	123,962	13.9
Total.....	1,584	100.0%	894,413	100.0%

Source: American Community Survey 2012-2016

Income Levels

	Town of Bethany	State of Connecticut
Per Capita Income	\$48,496	\$39,906
Median Household Income	\$106,058	\$71,755
Median Family Income	\$125,000	\$91,274

Source: American Community Survey 2012-2016

Educational Attainment Years of School Completed Age 25 and Over

	Town of Bethany		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	35	0.9%	103,279	4.2%
9th to 12th grade, no diploma.....	85	2.1	139,653	5.7
High School graduate (includes equivalency)...	866	21.6	673,220	27.3
Some college, no degree.....	741	18.5	427,232	17.3
Associate degree.....	312	7.8	184,426	7.5
Bachelor's degree.....	994	24.8	524,370	21.3
Graduate or professional degree.....	980	24.4	413,949	16.8
Total.....	4,013	100.0%	2,466,129	100.0%
Percent high school graduate or higher.....		97.0%		90.1%
Percent bachelor's degree or higher.....		49.2%		38.0%

Source: American Community Survey 2012-2016

Major Employers

Employer	Type of Business	Approximate Number of Employees
Laticrete International	Adhesives for Tile and Stone	160
Town of Bethany	Municipality	123
Amity Middle School	Education	65
B & B Transportation	School Buses	60
State of CT - Troop I	State Police Barricks	60
Fairfield County Millwork	Fine Cabinetry, Architectural Millwork	25

Employment by Industry Employed Persons 16 Years and Over

Sector	Town of Farmington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	30	1.1%	7,209	0.4%
Construction.....	127	4.5	101,497	5.7
Manufacturing.....	424	15.0	190,713	10.6
Wholesale trade.....	35	1.2	45,110	2.5
Retail trade.....	176	6.2	193,853	10.8
Transportation warehousing, and utilities.....	101	3.6	66,516	3.7
Information.....	42	1.5	42,374	2.4
Finance, insurance, real estate, and leasing...	130	4.6	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	440	15.5	206,042	11.5
Education, health and social services.....	976	34.4	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	43	1.5	153,754	8.6
Other services (except public admin.).....	195	6.9	81,588	4.5
Public Administration.....	116	4.1	66,291	3.7
Total Labor Force, Employed.....	2,835	100.0%	1,793,688	100.0%

Source: American Community Survey 2012-2016

Employment Data

Period	Town of Bethany		Percentage Unemployed		
	Employed	Unemployed	Town of Bethany	New Haven Labor Market	State of Connecticut
April 2018.....	3,007	106	3.4%	4.1%	4.3%
Annual Average					
2017.....	3,017	117	3.7	4.7	4.7
2016.....	2,973	125	4.0	5.3	5.3
2015.....	2,979	136	4.4	5.7	5.6
2014.....	2,954	180	5.7	6.9	6.7
2013.....	2,862	181	5.9	8.2	7.9
2012.....	2,925	194	6.2	8.7	8.3
2011.....	2,944	209	6.6	9.3	8.8
2010.....	2,970	217	6.8	9.2	9.0
2009.....	3,973	203	6.4	8.2	8.2
2008.....	3,028	133	4.2	5.8	5.6

Source: Department of Labor, State of Connecticut

Commute to Work

	Town of Bethany		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	2,400	87.4%	1,379,406	78.3%
Car pools	37	1.3	143,187	8.1
Using public transportation	63	2.3	85,762	4.9
Walked	28	1.0	51,845	2.9
Using other means	18	0.7	20,266	1.2
Worked at home	201	7.3	81,050	4.6
Total	2,747	100.0%	1,761,516	100.0%
Mean travel to work (minutes)	31.4		25.7	

Source: American Community Survey 2012-2016

Age Distribution of Housing

Year Built	Town of Bethany		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	106	5.3%	334,202	22.4%
1940 to 1969.....	881	43.7	533,202	35.7
1970 to 1979.....	325	16.1	200,614	13.4
1980 to 1989.....	232	11.5	190,755	12.8
1990 to 1999.....	262	13.0	113,584	7.6
2000 or 2009.....	183	9.1	104,308	7.0
2010 or later.....	28	1.4	17,133	1.1
Total Housing Units.....	2,017	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Housing Inventory

Housing Units	Town of Bethany		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	1,914	94.9%	882,236	59.1%
1-unit, attached.....	-	-	80,639	5.4
2 units.....	29	1.4	123,152	8.2
3 or 4 units.....	-	-	130,686	8.7
5 to 9 units.....	-	-	82,581	5.5
10 to 19 units.....	-	-	56,858	3.8
20 or more units.....	-	-	125,758	8.4
Mobile home.....	74	3.7	11,534	0.8
Boat, RV, van, etc.....	-	-	354	0.0
Total Inventory.....	2,017	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Housing Vacancy Rates

Housing Units	Town of Bethany		State of Connecticut	
	Number	Percent	Number	Percent
Occupied housing units	1,999	99.1%	1,354,713	90.7%
Vacant housing units	18	0.9	139,085	9.3
Total	2,017	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Bethany		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	46	2.5%	24,343	2.7%
\$50,000 to \$99,999.....	66	3.7	29,703	3.3
\$100,000 to \$149,999.....	22	1.2	81,158	9.0
\$150,000 to \$199,999.....	55	3.0	139,979	15.5
\$200,000 to \$299,999.....	463	25.6	246,071	27.3
\$300,000 to \$499,999.....	935	51.7	233,345	25.9
\$500,000 to \$999,999.....	207	11.5	104,952	11.7
\$1,000,000 or more.....	13	0.7	40,672	4.5
Total.....	1,807	100.0%	900,223	100.0%
Median Value.....	\$343,500		\$269,300	

Source: American Community Survey 2012-2016

Building Permits

<i>Fiscal</i> Year	<i>Residential</i>		<i>Comm./Industrial</i>		<i>Total</i>	
	No.	Value	No.	Value	No.	Value
2018 ¹	129	\$ 9,555,660	200	\$ 3,735,610	329	\$13,291,270
2017	100	2,858,309	13	494,000	113	3,352,309
2016	124	4,009,364	12	610,500	136	4,619,864
2015	86	2,185,147	18	905,030	104	3,090,177
2014	98	3,106,432	13	556,136	111	3,662,568
2013	93	4,263,144	19	810,380	112	5,073,524
2012	79	2,532,923	16	989,815	95	3,522,738
2011	91	1,443,024	10	203,970	101	1,646,994
2010	92	2,548,779	5	31,100	97	2,579,879
2009	72	2,458,727	9	114,025	81	2,572,752

¹ This represents building permits from 7/1/17 to 5/31/18.

Source: Town of Bethany, Building Official

Number and Size of Households

<i>Household Characteristics</i>	<i>Town of Bethany</i>		<i>State of Connecticut</i>	
	Number	Percent	Number	Percent
Persons in households	5,514	-	3,471,703	-
Persons per household (average)	2.76	-	2.56	-
Persons per family (average)	3.15	-	3.16	-
Family households	1,584	79.2	894,413	66.0
Non-family households	415	20.8	460,300	34.0
All households	1,999	100.0	1,354,713	100.0
<i>Family households by type</i>				
Married couple	1,410	89.0	660,846	73.9
Female householders, no spouse	116	7.3	173,543	19.4
Other	58	3.7	60,024	6.7
Total family households	1,584	100.0	894,413	100.0
<i>Non-family households by type</i>				
Householders living alone	346	83.4	378,927	82.3
Other	69	16.6	81,373	17.7
Total family households	415	100.0	460,300	100.0

Source: American Community Survey 2012-2016

IV. Tax Base Data

Property Tax – Assessments

Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Since the Town completed its last revaluation effective as of October 1, 2013, a physical revaluation will be required for the assessment year commencing October 1, 2018. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year the Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

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

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

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following August 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

Property Tax - Collection Procedure

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 supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent 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 liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property tax accounts that are deemed uncollectible are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate liens become uncollectible 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 not expected to be collected during the available period are reflected as a deferred revenue.

Motor Vehicle Property Tax Cap: Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut’s 2017-2019 biennium budget legislation, adopted after the beginning of the Town’s fiscal year ending June 30, 2018, amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps.

For the fiscal year ending June 30, 2018, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013 (the fiscal year ending June 30, 2015), and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 39 mills. For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

Comparative Assessed Valuations

Grand List As Of 10/1	Residential Real Property (%)	Commercial & Industrial		Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Exemptions, Veterans Relief and Disabled	Net Taxable Grand List	Percent Growth
		Real Property (%)	Other Land (%)						
2017 ¹	81.6	5.6	0.6	3.4	8.8	\$ 562,869	\$ 4,925	\$ 557,944	0.7%
2016	85.7	1.8	0.7	3.9	8.6	559,004	5,030	553,974	0.1%
2015	82.4	5.5	0.7	4.0	8.7	558,213	5,018	553,195	0.3%
2014	82.3	5.4	0.7	4.0	8.5	556,475	5,023	551,452	0.4%
2013	81.7	5.4	0.7	4.0	8.3	554,663	5,427	549,236	-11.4%
2012 ¹	82.5	5.4	1.2	3.7	7.2	627,159	7,005	620,154	0.1%
2011	82.3	5.4	1.2	3.8	7.3	628,208	8,733	619,475	0.4%
2010	82.6	5.4	1.2	3.9	6.9	625,922	8,840	617,082	0.3%
2009	82.6	5.4	1.2	4.0	6.8	624,523	9,304	615,219	-0.2%
2008	82.4	5.4	1.2	4.3	6.7	625,750	9,361	616,389	14.6%

¹ Revaluation.

Source: Town of Bethany, Assessor’s Office.

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (000's)	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2017
2016	2018 ¹	\$ 553,974	36.90	\$ 19,636,254	<i>In Collection</i>		
2015	2017	553,195	35.50	19,765,740	99.2%	0.8%	0.8%
2014	2016	551,452	35.04	19,322,878	98.8%	1.2%	0.2%
2013	2015	549,236	33.90	18,619,114	98.6%	1.4%	0.1%
2012	2014	620,154	29.60	18,356,558	98.6%	1.4%	0.0%
2011	2013	619,475	28.54	17,724,295	98.5%	1.5%	0.0%
2010	2012	617,082	28.06	17,361,758	98.6%	1.4%	0.0%
2009	2011	615,219	27.55	16,966,949	99.1%	0.9%	0.0%
2008	2010	616,389	27.00	16,634,942	99.2%	0.8%	0.0%
2007	2009	538,043	30.03	16,232,993	99.0%	1.0%	0.0%

¹ Unaudited.

Source: Town of Bethany, Tax Collector

Property Tax Receivable

Fiscal Year	Ended June 30	Current Year	Total
	2017	\$ 156,298	\$ 224,983
	2016	235,023	391,138
	2015	260,170	449,265
	2014	262,484	422,335
	2013	269,966	370,377

Ten Largest Taxpayers As of 10/1/17

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Laticrete International Inc	Tile & Stone Adhesives	\$ 15,738,170	2.82%
Connecticut Light & Power	Utility	12,079,240	2.16%
Connecticut Water Co.	Utility	5,494,430	0.98%
B&B Transportation	Transportation	1,364,760	0.24%
Woodhaven Country Club	Country Club	1,281,320	0.23%
667 Amity Road LLC	Offices	1,044,580	0.19%
Toyota LT	Leasing Trust	964,380	0.17%
Uniroyal Chemical Co.	Agricultural Experimental Station	911,560	0.16%
ACAR Leasing LTD	Leasing Trust	739,550	0.13%
EMG Properties LLC	Real Estate	731,330	0.13%
Total.....		\$ 40,349,320	7.23%

¹ Based on the Net Taxable Grand List of October 1, 2017 of \$557,944,000.

Source: Town of Bethany, Assessor's Office.

V. Debt Summary

Principal Amount of Indebtedness As of August 6, 2018 (Pro Forma)

<u>Dated Date</u>	<u>Purpose</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Final Date of Maturity</u>
01/04/12	General Purpose Series A.....	1.00-3.00	\$ 2,060,000	\$ 550,000	10/01/19
01/04/12	General Purpose - Series B Refunding.....	1.00-3.00	3,260,000	2,100,000	10/01/26
Total Outstanding Bonded Debt.....			\$ 5,320,000	\$ 2,650,000	

¹ Excludes bonds refunded or defeased.

<u>This Issue</u>					
08/06/18	General Purpose.....	<i>tbd</i>	\$ 2,450,000	\$ 2,450,000	08/01/34
08/06/18	Schools.....	<i>tbd</i>	780,000	780,000	08/01/34
Sub-Total.....			\$ 3,230,000	\$ 3,230,000	
Total.....			\$ 8,550,000	\$ 5,880,000	

¹ Excludes bonds refunded or defeased.

Short-Term Debt As of August 6, 2018 (Pro Forma)

The Town does not have any short-term debt as of August 6, 2018.

(Remainder of page intentionally left blank)

**Annual Bonded Debt Maturity Schedule
As of August 6, 2018
(Pro Forma)**

Fiscal Year	Principal Payments	Interest Payments	Total Payments	This Issue:			Total Principal	Cumulative % of Principal Interest
				General Purpose	Schools	Total		
2019	515,000	58,049	\$ 573,049	\$ -	\$ -	\$ -	\$ 515,000	4.4%
2020	525,000	47,649	572,649	-	-	-	525,000	8.8%
2021	240,000	38,799	278,799	168,000	52,000	220,000	460,000	25.5%
2022	235,000	32,555	267,555	163,000	52,000	215,000	450,000	33.2%
2023	235,000	27,268	262,268	163,000	52,000	215,000	450,000	40.8%
2024	230,000	21,634	251,634	163,000	52,000	215,000	445,000	48.4%
2025	225,000	15,719	240,719	163,000	52,000	215,000	440,000	55.9%
2026	225,000	9,559	234,559	163,000	52,000	215,000	440,000	63.4%
2027	220,000	3,163	223,163	163,000	52,000	215,000	435,000	70.7%
2028	-	-	-	163,000	52,000	215,000	215,000	74.4%
2029	-	-	-	163,000	52,000	215,000	215,000	78.1%
2030	-	-	-	163,000	52,000	215,000	215,000	81.7%
2031	-	-	-	163,000	52,000	215,000	215,000	85.4%
2032	-	-	-	163,000	52,000	215,000	215,000	89.0%
2033	-	-	-	163,000	52,000	215,000	215,000	92.7%
2034	-	-	-	163,000	52,000	215,000	215,000	96.3%
2035	-	-	-	163,000	52,000	215,000	215,000	100.0%
Total.....	\$ 2,650,000	\$ 254,395	\$ 2,904,395	\$ 2,450,000	\$ 780,000	\$3,230,000	\$ 5,880,000	

Overlapping/Underlying Debt

The Town of Bethany, along with the Towns of Orange and Woodbridge, is a member of Regional School District Number 5 (the "District"). See "Educational System" herein. The District has \$23,995,000 in bonds outstanding as of August 6, 2018. For the 2018-19 fiscal year, the Town of Bethany's pro rata share of the District's outstanding net debt is 19.68%, or \$4,722,216.

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

(The remainder of this page intentionally left blank)

**Debt Statement
As of August 6, 2018
(Pro Forma)**

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 5,100,000
Schools (Includes this issue).....	780,000
Sewers	-
Total Long-Term Debt	5,880,000
Short-Term Debt	-
Total Direct Debt	5,880,000
Share of RSD#5 Debt	4,722,216
Underlying Debt	-
Total Overall Net Debt	\$ 10,602,216

**Current Debt Ratios
As of August 6, 2018
(Pro Forma)**

Population (2016) ¹	5,521
Net Taxable Grand List (10/1/17)	\$ 557,944,000
Estimated Full Value (70%).....	\$ 797,062,857
Equalized Grand List (10/1/15) ²	\$ 835,493,141
Money Income per Capita (2016) ¹	\$ 48,496

	Total Direct Debt	Total Net Direct Debt and Overall Net Debt ³
Per Capita.....	\$ 1,065.02	\$ 1,920.34
Ratio to Net Taxable Grand List	1.05%	1.90%
Ratio to Estimated Full Value.....	0.74%	1.33%
Ratio to Equalized Grand List.....	0.70%	1.27%
Debt per Capita to Money Income per Capita.....	2.20%	3.96%

¹ American Community Survey 2012-2016

² Office of Policy and Management, State of Connecticut.

³ The Town does not have any indirect debt.

Temporary Financing

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

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

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

Limitation of Indebtedness

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

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

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections (including interest, and late payment of taxes) and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

**Statement of Debt Limitation
As of August 6, 2018
(Pro Forma)**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2017	\$ 19,604,243
Reimbursement For Revenue Loss (Elderly Freeze Grant).....	32,256
Base for Debt Limitation Computation.....	\$ 19,636,499¹

¹ The Town anticipates that aggregate collections for the fiscal year ending June 30, 2018 will not be less than this amount

	General				Unfunded
	Purpose	Schools	Sewers	Urban Renewal	Pension
Debt Limitation:					
2 1/4 times base.....	\$ 44,182,123	-	-	-	-
4 1/2 times base.....	-	\$ 88,364,246	-	-	-
3 3/4 times base.....	-	-	\$ 73,636,871	-	-
3 1/4 times base.....	-	-	-	\$ 63,818,622	-
3 times base.....	-	-	-	-	\$ 58,909,497
Total Debt Limitation.....	\$ 44,182,123	\$ 88,364,246	\$ 73,636,871	\$ 63,818,622	\$ 58,909,497
Indebtedness:					
Bonds Outstanding	\$ 2,650,000	\$ -	\$ -	\$ -	\$ -
Bonds – This Issue.....	2,450,000	780,000	-	-	-
Share of RSD#5	-	4,722,216	-	-	-
Debt Authorized But Unissued.....	-	49,096	-	-	-
Total Net Indebtedness.....	5,100,000	5,551,312	-	-	-
DEBT LIMITATION IN EXCESS OF					
OUTSTANDING INDEBTEDNESS.....	\$ 39,082,123	\$ 82,812,934	\$ 73,636,871	\$ 63,818,622	\$ 58,909,497

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$137,455,493

**Authorized but Unissued Debt
As of August 6, 2018
(Pro Forma)**

Project	Aggregate	Prior Grants /	Outstanding		New Money	This Issue:	Authorized
	Amount	Paydowns	Notes	Paydowns		The Bonds	but
	Authorized	Applied	Due: 8/6/18	Paydowns		Unissued	
Bethany Community School	\$ 1,260,000	\$ 354,148	\$ 776,756	\$ (76,756)	\$ 80,000	\$ 780,000	\$ 49,096 ¹
Fire Truck	575,000	53,789	521,211	(1,211)	-	520,000	-
Salt Shed	350,000	32,967	317,033	(7,033)	-	310,000	-
Emergency Communication Antenna	1,625,000	-	1,625,000	(5,000)	-	1,620,000	-
Total	\$ 3,810,000	\$ 440,904	\$ 3,240,000	\$ (90,000)	\$ 80,000	\$ 3,230,000	\$ 49,096

¹ The Town anticipates receiving \$49,096 in future State grants to fund the balance of the appropriation.

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

Fiscal Year Ended June 30	Debt Service	Total Expenditures and Transfers Out	Debt Service as Ratio to Total Expenditures and Transfers Out
2018 ¹	\$ 691,917	\$ 22,878,933	3.0%
2017	692,399	23,876,305	2.9%
2016	934,299	23,700,534	3.9%
2015	974,124	23,629,954	4.1%
2014	977,724	22,532,005	4.3%
2013	960,073	21,662,036	4.4%
2012	792,285	93,690,715	0.8%

¹ Subject to audit.

(The remainder of this page intentionally left blank)

VI. Financial Administration

Fiscal Year

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

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 as applied to governmental units. (See Appendix A – "2017 Financial Statements, Notes to Financial Statements" herein.)

Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management. The Town is in full compliance with said provisions.

Pension Plans

The Town of Bethany maintains a non-contributory money purchase pension plan (defined contribution) for all full-time regular employees, excluding Public Works and Board of Education certified teachers and administrators, who are covered separately as discussed below. Participants 21 years of age and over vest immediately and the Town contributes 8% of employees' normal earnings. The Town's annual actual and budgeted contributions for fiscal years 2016, 2017, and 2018 are \$45,107, \$44,796, and \$46,767, respectively.

Effective July 1, 2007, the Public Works employees participate in the Municipal Employees' Retirement System ("MERS"). MERS is the administrator of a cost-sharing multiple-employer Public Employees Retirement System established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be part of the State of Connecticut financial reporting entity and is included in the State's financial report as a pension trust fund. A summary of Town contributions to the MERS for the past three years is as follows:

Fiscal Year Ended	Covered Payroll	Amount Contributed	Percentage Contributed
6/30/2018 ¹	\$ 410,954	\$ 46,767	11.38%
6/30/2017	393,640	44,796	11.38%
6/30/2016	396,367	45,107	11.38%
6/30/2015	414,917	49,707	11.98%
6/30/2014	395,214	40,000	10.12%
6/30/2013	352,750	41,589	11.79%
6/30/2012	310,813	35,930	11.56%
6/30/2011	219,215	20,825	9.50%
6/30/2010	204,768	15,358	7.50%
6/30/2009	246,978	17,289	7.00%

¹ Budget.

Employees of the Board of Education are covered under separate plans. Certified staff participate in the State of Connecticut Teachers' Retirement System, a multiple-employer, non-contributory, public employees retirement system. Full-time certified teachers are vested in the system after ten years of service in the State.

Members contribute 7.25% of annual salary to the system while the State contributes on an actuarial reserve basis. The Town does not make contributions to the Plan.

Non-certified employees of the Board of Education who have completed one year of service are eligible to participate in a non-contributory money purchase pension plan (defined contribution). The Town contributes 7% to 11% of normal earnings and participants vest immediately. The Town's annual actual and budgeted contributions for fiscal years 2016, 2017, 2018, and 2019 are \$45,107, \$44,796, \$46,767, and \$47,325, respectively. The plan is administered by various financial service companies.

The Town adopted a Retention Program for eligible members of the Bethany Volunteer Firemen's Association, Inc. Conditions of eligibility for the program shall be determined by the Executive Board of the Association. The liability to the Town is limited to an annual contribution for insurance premiums. The Town's annual actual and budgeted contributions for fiscal years 2016, 2017, 2018, and 2019 are \$16,000, \$19,200, \$20,000, and \$35,254, respectively. The total net assets of the trust totaled \$229,520 as of March 31, 2018. The Town had an actuarial valuation of the program for the year ended June 30, 2017 and has budgeted the contribution recommended by the actuary.

See Appendix A – “2017 Financial Statements, Notes to Financial Statements, Note 9” herein.

Other Post-Employment Benefits (“OPEB”)

The Bethany Public Schools Other Post Employment Benefit Program is a single-employer defined benefit plan administered by the Town of Bethany, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement. Retirees pay 100% of the premium for medical insurance. There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust at this time. The unfunded actuarial accrued liability as of the July 1, 2016 valuation was \$739,700. The annual required contribution (“ARC”) for fiscal year ended June 30, 2017 was \$97,200. The Town contribution was \$12,100 or 12.4% of the ARC. The ARC is attributable to the “implied subsidy” since Retirees pay 100% of the annual medical insurance premium.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed
6/30/2017	\$ 74,932	\$ 12,100	16.1%
6/30/2016	100,400	10,300	10.3%
6/30/2015	99,952	11,200	11.2%
6/30/2014	99,686	6,600	6.6%
6/30/2013	193,010	22,575	11.7%

Schedule of Funding Process

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (“AAL”)	Unfunded AAL (UAAL)	Funded Ratio
7/1/2016	\$ -	\$ 739,700	\$ 739,700	0.00%
7/1/2013	-	1,108,800	1,108,800	0.00%
7/1/2010	-	1,661,113	1,661,113	0.00%
7/1/2007	-	2,486,108	2,486,108	0.00%

See Appendix A – “2017 Financial Statements, Notes to Financial Statements, Note 11” herein for more information.

Investment Policy

The Town of Bethany deposits and invests funds in accordance with statutory requirements. The Connecticut General Statutes (Section 7-402) controls the deposit of public funds. Deposits may be made in a “qualified public depository” as defined by statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out-of state bank,” as defined by the statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in, among other things, obligations of the United States and its agencies, highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated investment companies (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut STIF and the Tax Exempt Proceeds Fund. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the laws applicable to fiduciaries and the provisions of the applicable plan generally control investment of such funds.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town manages its workers’ compensation expense through its outside private carrier.

(Remainder of page intentionally left blank)

Comparative Balance Sheets – General Fund

Assets	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013
Cash and Cash Equivalents.....	\$ 3,590,146	\$ 1,984,069	\$ 2,748,595	\$ 1,757,941	\$ 2,135,961
Investments	1,629,887	1,612,124	1,573,922	1,562,241	1,527,581
Taxes Receivable, Net of Allowance for Uncollectible Amounts	152,298	312,986	361,423	349,198	304,765
Other Receivables.....	346,844	460,408	405,226	1,451,990	712,804
Due to Other Funds.....	63,244	121,403	27,483	21,151	160,885
Prepaid Expenditures	10,760	7,968	500	423	19,991
Inventories.....	51,993	43,699	32,953	13,543	31,402
Total Assets.....	5,845,172	4,542,657	5,150,102	5,156,487	4,893,389
Liabilities					
<i>Liabilities</i>					
Accounts Payable.....	534,349	461,305	627,388	534,098	371,023
Accrued Expenses.....	80,120	84,181	186,712	99,672	110,673
Deferred Revenues.....	-	-	-	-	852,260
Unearned Revenues.....	109,095	67,939	70,212	25,441	81,955
Due to Other Funds.....	754,486	371,738	885,849	249,673	89,911
Due to Other	54,860	13,055	514	514	-
Total Liabilities.....	1,532,910	998,218	1,770,675	909,398	1,505,822
Deferred Inflows of Resources					
Unavailable Revenue - Taxes.....	174,748	240,091	357,910	361,576	-
Unavailable Revenue - State Grants.....	-	55,832	185,734	318,985	-
Total Deferred Inflows of Resources.....	174,748	295,923	543,644	680,561	-
Fund Balances					
Nonspendable.....	62,753	51,667	33,453	13,966	51,393
Restricted.....	3,300	3,300	3,300	3,300	3,300
Committed.....	-	-	-	-	-
Assigned.....	342,927	-	255,000	340,000	300,000
Unassigned.....	3,728,534	3,193,549	2,544,030	3,209,262	3,032,874
General Fund balance.....	4,137,514	3,248,516	2,835,783	3,566,528	3,387,567
Total Liabilities, Deferred Inflow of Resources & Fund Balance.....	\$ 5,845,172	\$ 4,542,657	\$ 5,150,102	\$ 5,156,487	\$ 4,893,389
Operating revenues.....	\$ 24,765,303	\$ 24,113,267	\$ 22,899,209	\$ 22,710,966	\$ 22,060,185
Fund balance as percent of operating revenues.....	16.7%	13.5%	12.4%	15.7%	15.4%
Unreserved/unassigned fund balance as percent of operating revenues.....	15.1%	13.2%	11.1%	14.1%	13.7%

General Fund Revenues and Expenditures
Five Year Summary of Audited Revenues and Expenditures (GAAP Basis)
And Adopted Budget (Budgetary Basis)

	Adopted Budget ¹ 2018-19	Estimated Actual ¹ 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14
Revenues:						
Property Taxes	\$ 20,782,892	\$ 19,831,253	\$ 19,831,052	\$ 19,523,218	\$ 18,709,655	\$ 18,347,495
Intergovernmental	1,993,855	2,073,045	3,900,285	3,424,720	3,301,310	3,467,034
Permits and Fees	228,200	245,305	242,934	304,270	263,323	268,421
Other	434,000	702,431	662,656	679,757	454,404	478,706
Interest Earnings	30,000	30,000	128,376	181,302	170,517	149,310
Total Revenues	23,468,947	22,882,034	24,765,303	24,113,267	22,899,209	22,710,966
Expenditures:						
General government	1,308,982	1,183,157	1,233,475	1,240,297	1,270,882	1,107,554
Public Safety	787,898	689,993	668,307	631,227	575,286	547,962
Public Works	1,929,891	1,924,750	1,037,760	1,758,661	1,526,847	1,487,645
Health	425,809	362,219	600,742	622,156	589,957	620,730
Human Services	107,733	98,525	90,015	94,621	83,625	89,313
Community Service	761,134	734,233	264,399	278,549	267,606	219,018
Insurance and Benefits	1,091,754	902,740	902,692	975,494	921,928	920,580
Education	16,079,746	16,012,387	17,059,134	16,698,230	16,405,008	15,923,151
Debt Service	690,000	691,917	692,399	934,299	974,124	977,724
Capital Outlay	286,000	279,012	935,870	-	-	-
Total Expenditures	23,468,947	22,878,933	23,484,793	23,233,534	22,615,263	21,893,677
Revenues over (under) expenditures	-	3,101	1,280,510	879,733	283,946	817,289
Other Financing Sources Uses:						
Premium on Financing	-	-	-	-	-	-
Proceeds From Long-Term Debt	-	-	-	-	-	-
Lease Financing	-	-	-	-	-	-
Payment to Escrow	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	(391,512)	(467,000)	(1,014,691)	(638,328)
Total other Financing Sources (uses)	-	-	(391,512)	(467,000)	(1,014,691)	(638,328)
Revenues and other financing sources over (under) expenditures and other financing (uses)						
	\$ -	\$ 3,101	\$ 888,998	\$ 412,733	\$ (730,745)	\$ 178,961
Restatements	(1)	-	-	-	-	-
Fund Balances - Beginning of Year	4,140,615	4,137,514	3,248,516	2,835,783	3,566,528	3,387,567
Fund Balances - End of Year	\$ 4,140,615	\$ 4,140,615	\$ 4,137,514	\$ 3,248,516	\$ 2,835,783	\$ 3,566,528

¹ Subject to audit.

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.

Intergovernmental Revenues

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues	Percent
2018 ^{1, 2}	\$ 2,073,045	\$ 22,882,034	9.1%
2017	3,900,285	24,765,303	15.7%
2016	3,424,720	24,113,267	14.2%
2015	3,301,310	22,899,209	14.4%
2014	3,467,034	22,710,966	15.3%
2013	3,437,582	22,060,185	15.6%
2012	3,233,000	21,332,188	15.2%

¹ Subject to audit.

² Budgetary basis of accounting; does not include payments made on behalf of the Town by the State of Connecticut for Teachers' Retirement System.

(Remainder of page intentionally left blank)

VII. Legal And Other Information

Litigation

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

Documents Furnished at Delivery

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

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

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

Concluding Statement

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

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

TOWN OF BETHANY, CONNECTICUT

By: _____
Derrylyn Gorski, *First Selectman*

By: _____
Lawrence B. Eisner, *Treasurer*

By: _____
Thomas G. Broesler, *Finance Manager*

Dated: July __, 2018

Appendix A

2017 General Purpose Financial Statements Excerpted from the Town's Annual Financial Report

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

(This page intentionally left blank)

Sandra E. Welwood, LLC

sewonlake@aol.com
Website: www.sewelwoodcpa.com
(203) 730-0509 / Fax: (203) 730-0509

Certified Public Accountants
46 Main Street
Danbury, CT 06810

INDEPENDENT AUDITORS' REPORT

To the Board of Finance
Town of Bethany, 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 Bethany, Connecticut (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 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 information on pages 3 through 16 and the required supplementary information on pages 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The General Fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other 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 General Fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Danbury, Connecticut
November 22, 2017

TOWN OF BETHANY, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2017

Our discussion and analysis of the Town of Bethany, Connecticut's financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$26,033,604 (net position). Of this amount, \$4,102,152 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Revenues for the Town's governmental activities increased 3.66% over the prior year to \$25,762,044, while total expenses increased 2.72% to \$24,311,657. The resulting increase in net position is \$1,450,387 for 2017 as compared to an increase of \$1,182,616 for 2016.
- As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,560,897, an increase of \$1,579,867 from the prior year. Approximately 60% of the total fund balance, \$3,363,753, constitutes Unassigned Fund Balance, which is available for spending at the Town's discretion.
- As of the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$3,728,534, or 15.62% of total General Fund expenditures and transfers out of \$23,876,305. The Board of Finance has adopted a policy of maintaining a General Fund surplus of not less than 10% and not more than 14% of budgeted expenditures.
- The total General Fund balance increased by \$888,998 during the current fiscal year, from \$3,248,516 to \$4,137,514.
- The Town's investment in capital assets for the current fiscal year was \$3,136,432. After accounting for \$1,580,388 of depreciation expense, net capital assets increased by \$1,556,044 to \$27,386,449.
- During the fiscal year ended June 30, 2017, the Town made \$605,000 of scheduled bond principal payments. At the end of the current fiscal year, the Town had \$3,165,000 of long-term bonded debt outstanding.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements, for governmental activities, tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

Reporting the Town as a Whole

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 the 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 and liabilities 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 cash is received or paid.

These two statements report the Town's net position and changes to net position. You can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health 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 roads, to assess its overall health.

The Statement of Net Position and the Statement of Activities show the Town's governmental activities. The Town's basic services are reported here, including education, public works, and general administration. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities.

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins in the section titled "Governmental Funds". 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 Board of Finance establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds – The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Town as Trustee

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds do not belong to the Town. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position. 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.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

THE TOWN AS A WHOLE

The Town's combined net position increased by \$1,450,387 from a year ago – increasing from \$24,583,217 to \$26,033,604. Our analysis below focuses on the net position and changes in net position of the Town.

	<u>2017</u>	<u>Change During Year</u>		<u>2016</u>
		<u>Dollars</u>	<u>Percent</u>	
<u>Assets</u>				
Current and other assets	\$ 6,626,575	\$ 1,165,359	21.3%	\$ 5,461,216
Capital assets	<u>27,386,449</u>	<u>1,556,044</u>	6.0%	<u>25,830,405</u>
Total assets	<u>34,013,024</u>	<u>2,721,403</u>	8.7%	<u>31,291,621</u>
<u>Deferred Outflows of Resources</u>	<u>124,331</u>	<u>60,899</u>	96.0%	<u>63,432</u>
<u>Liabilities</u>				
Long-term obligations outstanding	7,267,347	1,611,636	28.5%	5,655,711
Other liabilities	<u>836,404</u>	<u>(279,721)</u>	-25.1%	<u>1,116,125</u>
Total liabilities	<u>8,103,751</u>	<u>1,331,915</u>	19.7%	<u>6,771,836</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	0.0%	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	21,931,452	80,766	0.4%	21,850,686
Unrestricted	<u>4,102,152</u>	<u>1,369,621</u>	50.1%	<u>2,732,531</u>
Total net position	<u>\$ 26,033,604</u>	<u>\$ 1,450,387</u>	5.9%	<u>\$ 24,583,217</u>

By far, the largest portion of the Town's net position, \$21,931,452 or 84.2%, reflects its investment in capital assets (e.g., land, construction in progress, 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.

During the year, additions to the Town's capital assets were \$3,136,432 and depreciation was \$1,580,388. Long-term debt related to capital assets increased by \$1,475,278. The amount invested in capital assets, net of related debt, increased by \$80,766.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations – increased by \$1,369,621, as compared to a decrease of \$1,057,972 in 2016.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

	2017	Change During Year		2016
		Dollars	Percent	
<u>Revenues</u>				
Program revenues:				
Charges for services	\$ 642,929	\$ 69,023	12.0%	\$ 573,906
Operating grants and contributions	4,076,668	851,274	26.4%	3,225,394
Capital grants and contributions	265,681	(335,040)	-55.8%	600,721
General revenues:				
Property taxes	19,877,550	331,573	1.7%	19,545,977
Grants and contributions	645,723	83,067	14.8%	562,656
Interest and investment earnings	25,972	(16,636)	-39.0%	42,608
Other	227,521	(72,712)	-24.2%	300,233
Total revenues	<u>25,762,044</u>	<u>910,549</u>	3.7%	<u>24,851,495</u>
<u>Expenses</u>				
General government	1,415,411	88,306	6.7%	1,327,105
Public safety	1,044,179	219,806	26.7%	824,373
Highways and public works	1,935,327	(211,203)	-9.8%	2,146,530
Health and human services	717,967	(17,337)	-2.4%	735,304
Community services	264,399	(14,150)	-5.1%	278,549
Insurance and benefits	902,692	(72,802)	-7.5%	975,494
Education	17,948,881	635,384	3.7%	17,313,497
Interest on long-term debt	82,801	14,774	21.7%	68,027
Total expenses	<u>24,311,657</u>	<u>642,778</u>	2.7%	<u>23,668,879</u>
Change in net position	<u>\$ 1,450,387</u>	<u>\$ 267,771</u>	22.6%	<u>\$ 1,182,616</u>

Revenues for the Town's governmental activities increased 3.66% over the prior year to \$25,762,044, while total expenses increased 2.72% to \$24,311,657. The resulting increase in net position is \$1,450,387 for 2017 as compared to an increase of \$1,182,616 for 2016.

Property tax revenue increased by \$331,573, or 1.70%, over the prior year. This is consistent with the 2.62% increase in the mil rate from 35.04 to 35.96, and a 0.80% decrease in the grand list. The Tax Collector collected 99.21% of the current grand list assessment as compared to 98.79% in fiscal year 2016.

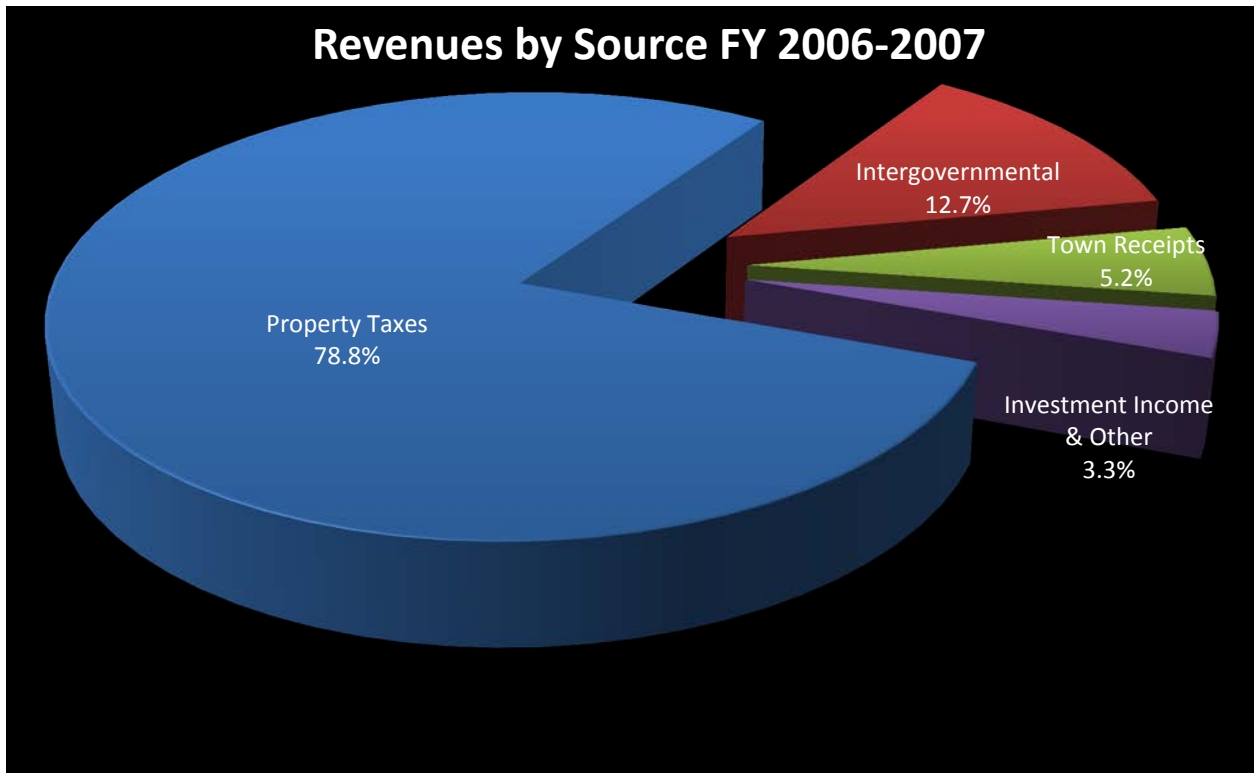
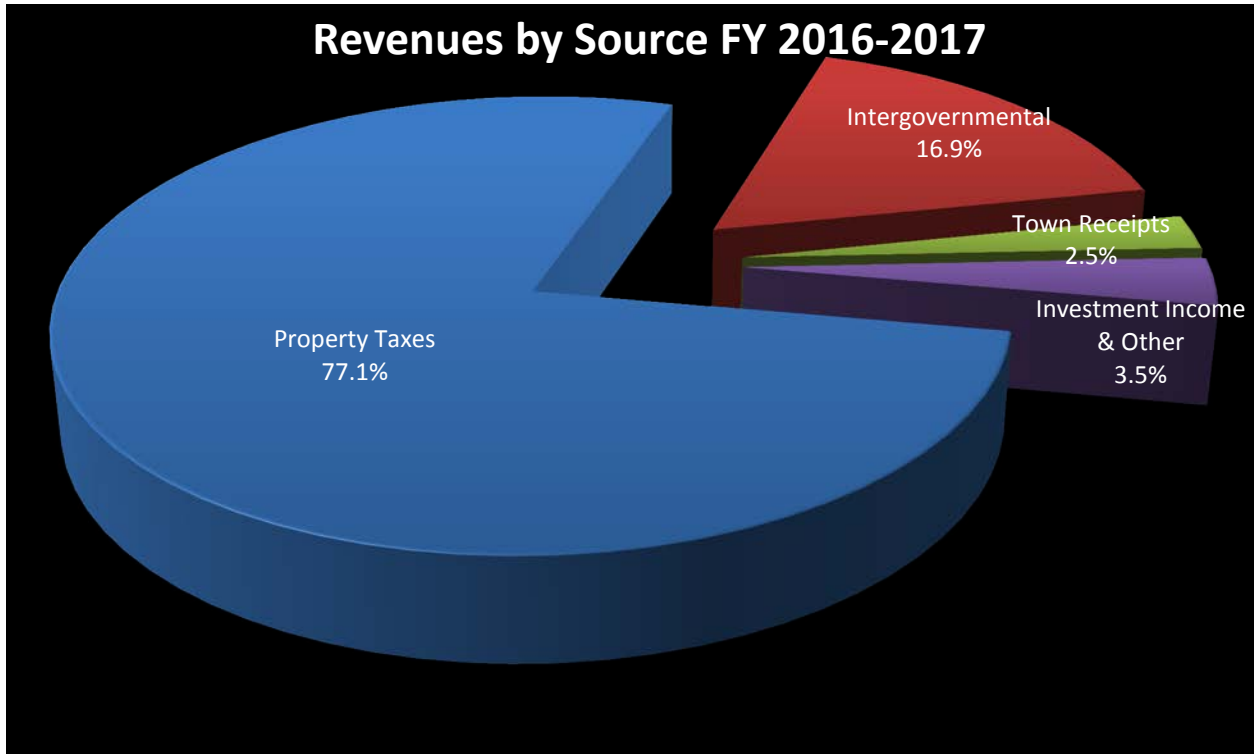
Capital grants for 2017 include \$282,073 of Small Town Economic Assistance Program (STEAP) funds issued by the Department of Social Services as compared to \$164,574 in 2016. The grant represents the second of three phases for the Hangar Restoration Project at the airport property. The grant contract provides funds to assist with the renovation and restoration of the former Bethany airport hangar to serve as a community center and emergency shelter. The Town also received \$347,821 from the State of Connecticut to be used for the school roof repair project.

In 2016, the Town received a \$233,325 State of Connecticut Department of Environmental Protection Open Space and Watershed Land Acquisition grant to assist in the purchase of 73.75 acres of real property on Atwater Road from Edyth C. Carrington. The Town also received \$202,822 from the State of Connecticut Department of Public Safety to assist in the transition of emergency services.

Other general revenues for 2017 include an overpayment refund from Amity Regional School District #5 in the amount of \$154,280 as compared to \$221,148 in 2016.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The charts below reflect what percentage of the Town's total revenue is contributed by each of four primary sources for the current fiscal year as compared to ten years ago. As with many local governments in Connecticut, the Town is relying heavily on property tax to fund education and other Town services.



Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Governmental Activities

The table below presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	Governmental Type Activities					
	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2017</u>	<u>2016</u>	<u>Increase Decrease</u>	<u>2017</u>	<u>2016</u>	<u>Increase Decrease</u>
Governmental Activities						
General government	\$ 1,415,411	\$ 1,327,105	6.7%	\$ 1,196,610	\$ 860,985	39.0%
Public safety	1,044,179	824,373	26.7%	816,788	502,079	62.7%
Highways and public works	1,935,327	2,146,530	-9.8%	1,724,266	1,935,400	-10.9%
Health and human services	717,967	735,304	-2.4%	608,795	603,952	0.8%
Community services	264,399	278,549	-5.1%	(5,282)	110,975	-104.8%
Insurance and benefits	902,692	975,494	-7.5%	902,692	975,494	-7.5%
Education	17,948,881	17,313,497	3.7%	13,999,709	14,211,946	-1.5%
Interest on long-term debt	<u>82,801</u>	<u>68,027</u>	21.7%	<u>82,801</u>	<u>68,027</u>	21.7%
Totals	<u>\$24,311,657</u>	<u>\$ 23,668,879</u>	2.7%	<u>\$ 19,326,379</u>	<u>\$ 19,268,858</u>	0.3%

Total cost of services for the Town's governmental activities was \$24,311,657, an increase of 2.72% over the prior year. Net cost of services was \$19,326,379, an increase of 0.30%.

The total cost of providing education was \$17,948,881 in 2017, an increase of 3.67%. The net cost was \$13,999,709, a decrease of 1.49%.

The Regional High School gross budget increased 1.99% from \$46,902,342 to \$47,835,699. The Town's proportionate share (based on the average daily membership) decreased from 20.819% to 20.389%. Bethany's share of the Amity Region # 5 School District budget decreased 0.03% from \$9,441,145 to \$9,437,981. In 2017, the Regional High School refunded \$154,280 of unexpended funds from the prior fiscal year as compared to \$221,148 in 2016.

Elementary School budgeted expenditures remained unchanged at \$6,530,538 for both 2017 and 2016.

The total cost of public safety increased 26.67% over the prior year primarily due to an increase in expenditures in the special revenue Police Fund. The net cost of services reflects payments received from vendors for the cost of police services. For 2016, the net cost of services reflects a grant received from the Department of Public Safety.

The net cost of community services reflects the recognition of a capital grant in the amount of \$265,681 in 2017 and \$164,574 in 2016 from the Department of Social Services for the Hangar Restoration Project at the Bethany Airport property which is being renovated to serve as a community center and emergency shelter. The expenditures of the project are reported as capital assets, and as such, will not be included in the total cost of services until depreciation expense is recognized.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

GOVERNMENTAL FUNDS

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

Fund equity for governmental funds is called Fund Balance and is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The provisions of GASB No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* – provides clearer fund balance classifications that can be more consistently applied.

- **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form (e.g. inventory), or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – Includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action at a Town Meeting, and cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned Fund Balance** – Includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned Fund Balance** – The residual classification for the General Fund fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,560,897, an increase of \$1,579,867 from the prior year. Approximately 60% of the total fund balance, \$3,363,753, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Capital Reserve Fund reflects a negative unassigned fund balance in the amount of \$364,781. This amount represents expenditures made during FY17 for the Bethany Volunteer Fire Department communications system. The project will be financed by a bond anticipation note issued August 7, 2017.

Assigned fund balance of \$860,538, is comprised of Special Revenue funds and Capital Project funds that are constrained by the Town for the purpose the funds were created.

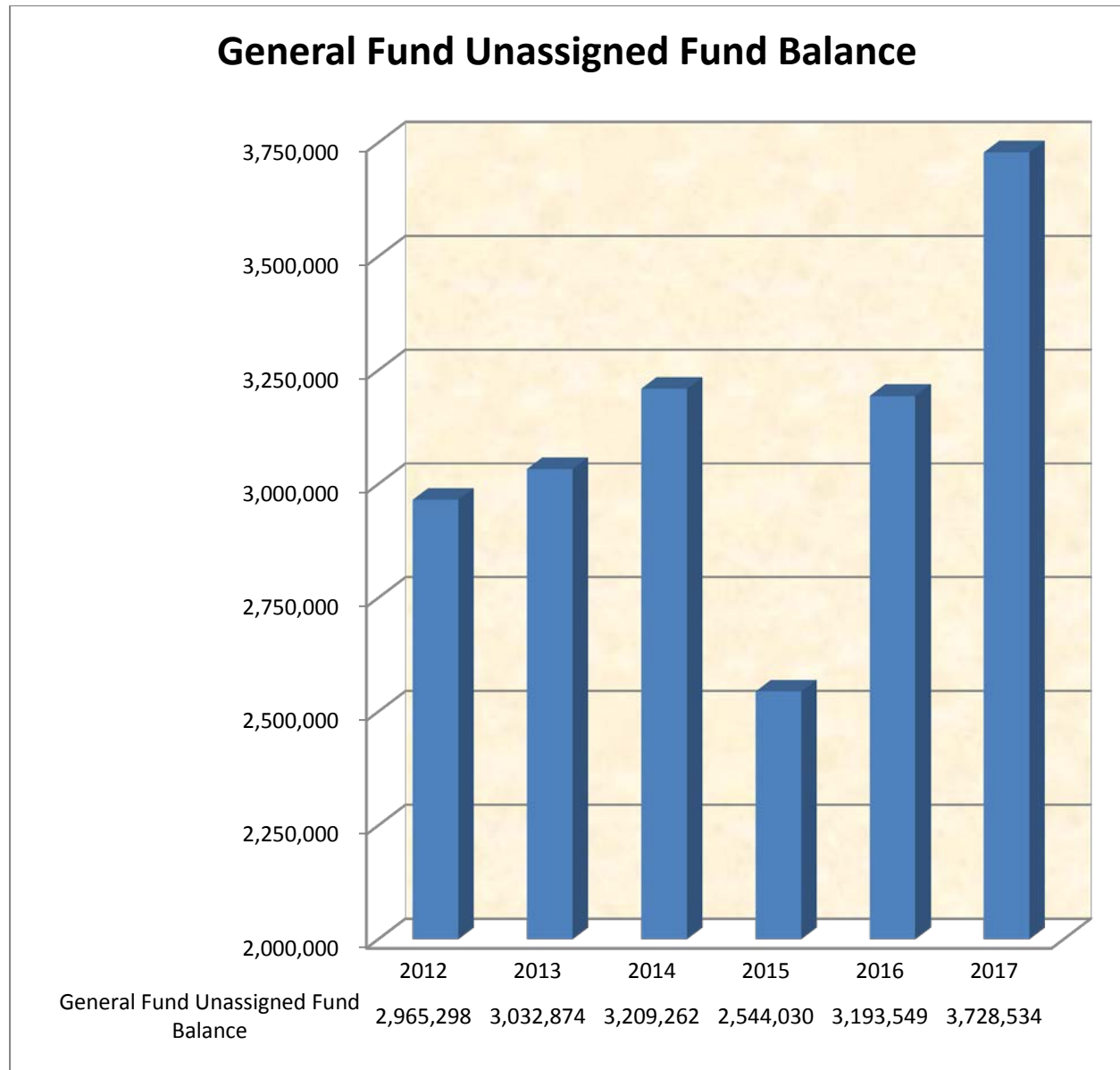
Committed fund balance of \$1,131,550 is reported in the Capital Reserve Fund and represents resources available to finance capital assets approved at Town Meeting. Details of this fund balance may be found in the Capital Reserve Fund - Schedule of Changes in Fund Balance by Project, in the Other Schedules section of the Financial Statements.

Restricted fund balance of \$140,351 is comprised of unexpended grant funds.

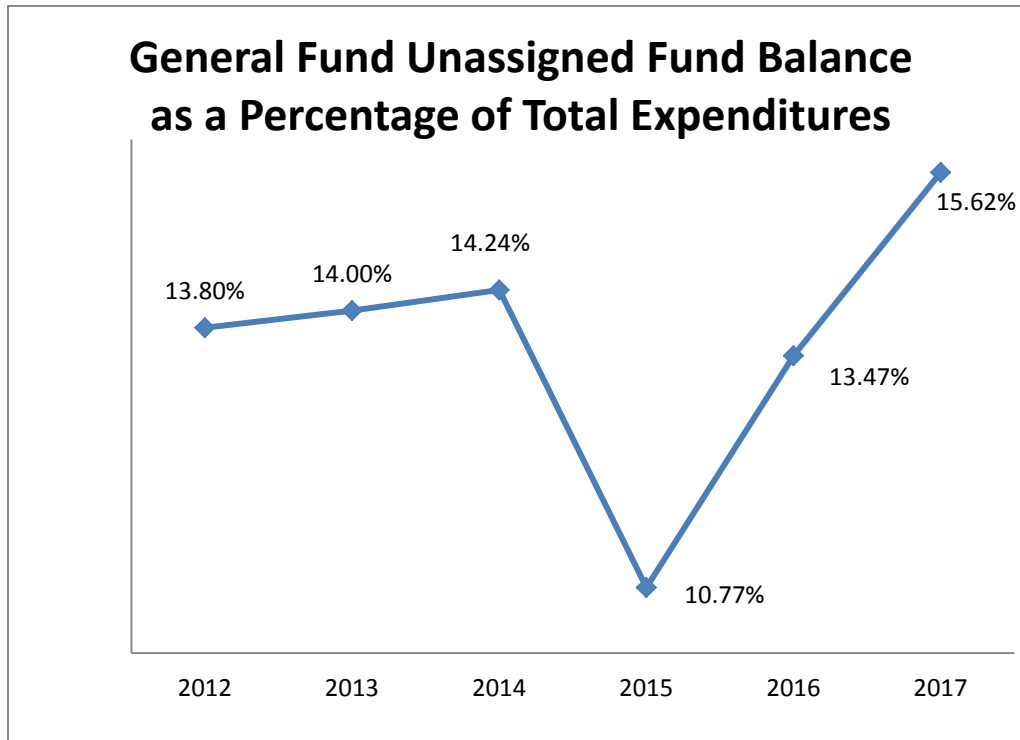
Nonspendable fund balance of \$64,705 consists of inventories and prepaid expenditures.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,728,534.



Total General Fund balance increased by \$888,998 during the current fiscal year, from \$3,248,516 to \$4,137,514. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned Fund Balance represents 15.62% and total Fund Balance represents 17.33% of total General Fund expenditures and transfers out of \$23,876,305. The Town has adopted a policy to maintain the unassigned fund balance for its General Fund at not less than 10% of total budgeted operating expenditures and not more than 14%.



General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by Connecticut State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation, or an appropriation over \$20,000, requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. Connecticut State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund.

General Fund – Budgetary Basis

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 19,584,115	\$ 19,831,052	\$ 246,937
Intergovernmental	2,915,635	2,619,182	(296,453)
Local	228,200	242,934	14,734
Other	434,000	662,656	228,656
Interest earnings	<u>105,000</u>	<u>128,376</u>	<u>23,376</u>
	<u>23,266,950</u>	<u>23,484,200</u>	<u>217,250</u>
Expenditures:			
General government	7,298,430	6,817,171	481,259
Regional high school	9,437,982	9,437,981	1
Elementary school	<u>6,530,538</u>	<u>6,530,538</u>	<u>-</u>
	<u>23,266,950</u>	<u>22,785,690</u>	<u>481,260</u>
Increase (decrease) in fund balance	\$ <u>-</u>	\$ <u>698,510</u>	\$ <u>698,510</u>

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The original 2016-2017 budget contemplated total revenues and expenditures in the amount of \$23,266,950.

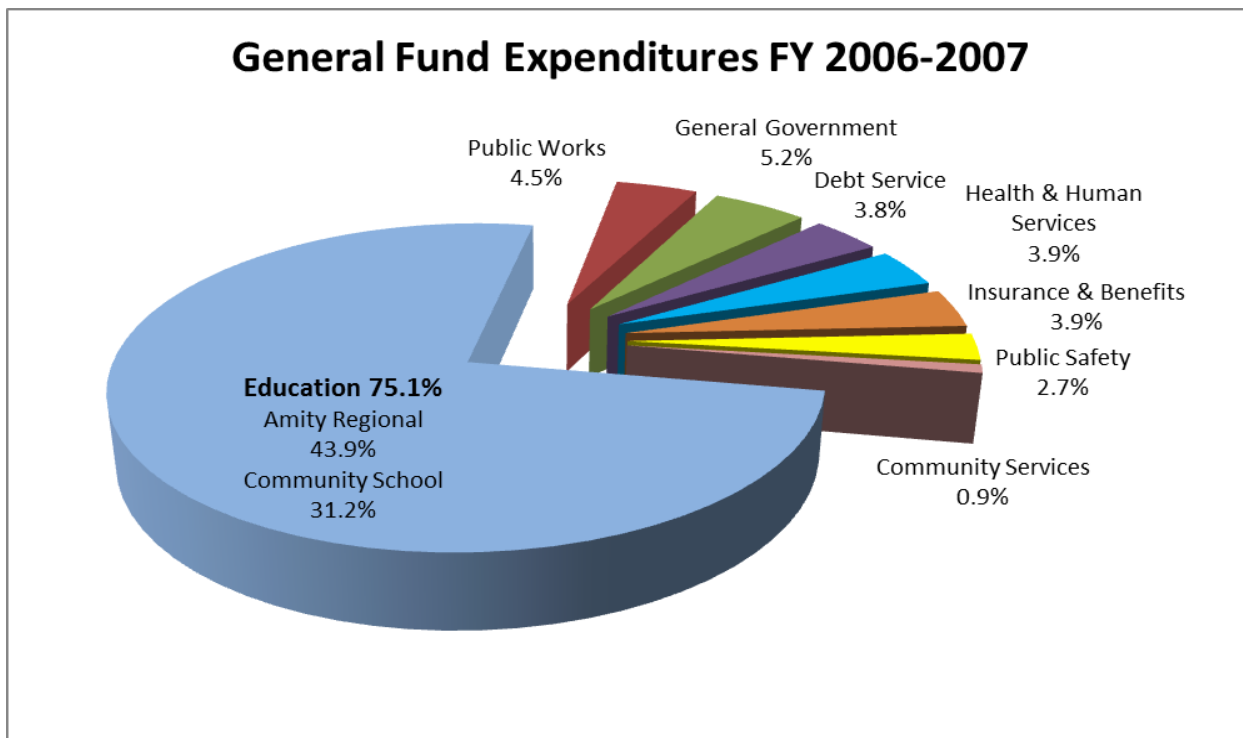
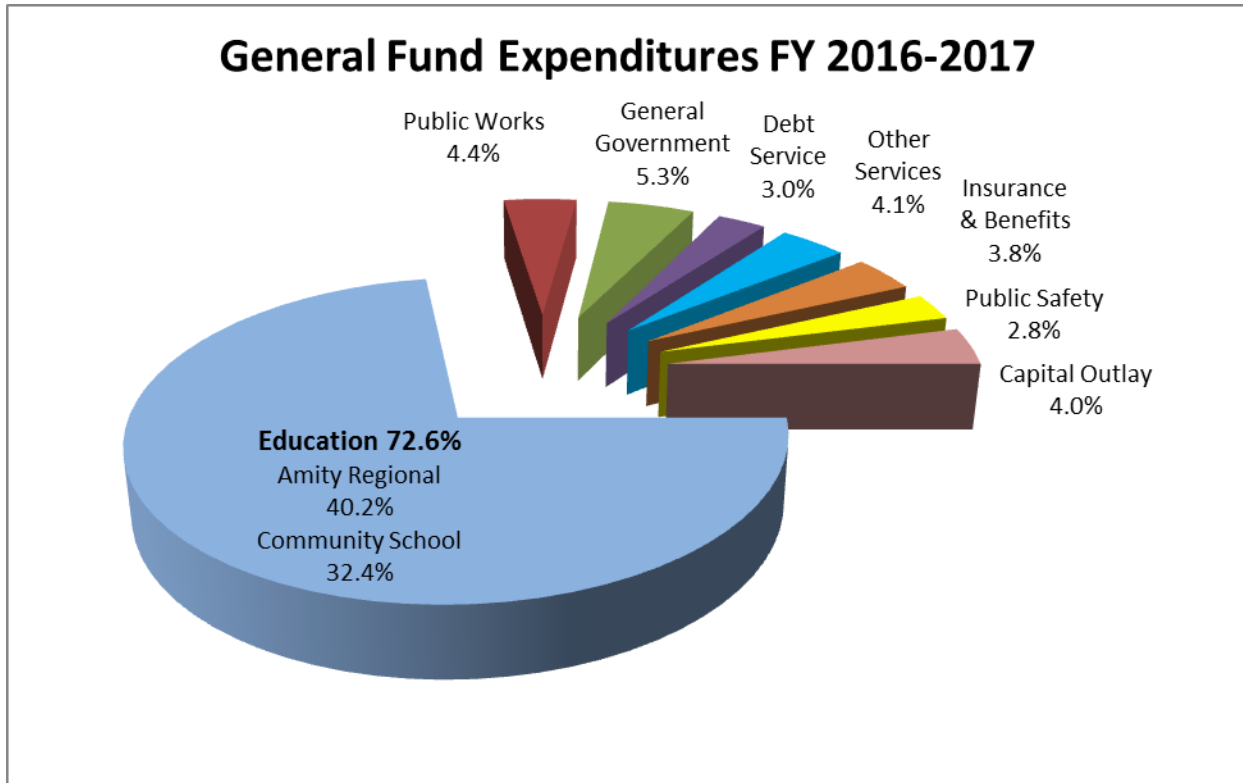
Actual total revenues exceeded the original budget by \$217,250 and actual total expenditures were \$481,260 less than the original budget.

Significant variances between actual revenues and expenditures of the general fund for fiscal 2017 and the amount reflected in the Town's final budget are summarized as follows:

- The total revenue recognized on current property tax collections, prior year tax collections, and interest and lien fees exceeded the budgeted amounts by a total of \$246,937.
- \$42,836 of Local Capital Improvement Program (LoCIP) funds were recognized during the current fiscal year. \$240,756 of funds were not recognized and are deferred until the funds are received. LoCIP expenditures for the year were \$167,488 of the \$283,592 budgeted.
- Other revenues include \$154,280 of unexpended funds refunded by the Regional High School from the 2016 fiscal year that was not anticipated in the budget.
- Favorable fuel oil and gasoline prices for FY17 are reflected in department budgets throughout the Schedule of Expenditures.
- \$53,150 of the contingency fund line item was not utilized.
- Employee medical insurance premiums were \$100,328 less than budgeted, primarily due to the budget anticipating participation by all eligible employees.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The charts below present the percentage that the total costs of services consume for each of the Town's programs in the General Fund for the current fiscal year as compared to ten years ago.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways and bridges. The Town's investment in capital assets for the current fiscal year was \$3,136,432. After accounting for \$1,580,388 depreciation, net capital assets increased by \$1,556,044 to \$27,386,449. The amount invested in capital assets net of related debt as reported in the Statement of Net Position was \$21,931,452, an \$80,766 increase from the previous year.

Capital asset additions during the current fiscal year included the following:

- \$674,865 for road infrastructure consisting primarily of road reconstruction and resurfacing; \$440,000 of infrastructure that was fully depreciated and 15 years old or more was written off.
- \$215,483 for a developmental easement on the Carrington property.
- \$596,469 construction in progress for the removal and replacement of the original building roof at the Bethany Community School (total appropriation of up to \$1,260,000).
- \$364,781 construction in progress for the Bethany Volunteer Fire Department communications system.
- \$196,111 construction in progress for Phase II of the Hangar Restoration Project at the Bethany Airport property. This project, which is funded by the Department of Social Services through the Small Town Economic Assistance Program (STEAP), calls for the renovation and restoration of the former Bethany airport hangar to serve as a community center and emergency shelter.
- \$322,422 construction of a road salt shed for the Public Works department.
- \$140,493 renovations to Town Hall to be reimbursed by Local Capital Improvement (LOCIP) grant funds from the State of Connecticut.
- \$242,693 deposit on a new fire truck and \$119,605 for a Hurst tool (Jaws of Life) for the Bethany Volunteer Fire Department.

More detailed information about the Town's capital assets is presented in Note 4 to the financial statements.

Long-Term Obligations

During the fiscal year ended June 30, 2017, the Town made \$605,000 of scheduled bond principal payments. At the end of the current fiscal year, the Town had \$3,165,000 of long-term bonded debt outstanding. The Town's general obligation bond rating continues to carry an Aa2 rating from Moody's Investors Service, Inc. (last reviewed October 2017).

As a member town of Amity Regional School District #5, the Town is responsible for a pro-rata share of the district's net debt based on a formula that utilizes the average daily membership (ADM) of each town as of October 1 of the preceding year. For fiscal year 2017, the Town's ADM percentage was calculated to be 20.389%, and its share of net district debt amounts to \$6,345,816.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Connecticut State Statutes limit the amount of general obligation debt a government entity may issue to seven times its tax collections plus interest and lien fees. For June 30, 2017, the maximum amount of borrowing permitted under the formula would be \$137,455,493. With net borrowings of \$11,823,392, the Town's outstanding general obligation debt is well below the maximum debt limitation.

During 2017, scheduled principal payments on all capital leases were made in the amount of \$42,083. At June 30, 2017, the present value of future minimum lease payments is \$44,243.

During the year ended June 30, 2017, the Town issued \$2,045,000 of bond anticipation notes for the purchase of a new fire truck, the construction of a road salt storage facility, and the Bethany Community School roof project. Subsequent to year end, the Town issued \$3,240,000 of bond anticipation notes to finance the Bethany Volunteer Fire Department communications system project and to refinance the \$2,045,000 notes.

The Government Other Post-Employment Benefits (OPEB) Plan is described in Note 8 to the financial statements. Actuarial information, including assumptions and methods, are disclosed in detail. For fiscal year 2017, the Annual Required Contribution (ARC) was calculated to be \$97,200 and is included as an expense in the current year Statement of Activities. At June 30, 2017, the Government's net OPEB obligation is \$1,203,085 and is reported as a long-term liability in the Statement of Net Position.

More detailed information about the Town's long-term obligations is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when setting the fiscal year 2018 budget and tax rates. One of those factors is the economy. The unemployment rate for the Town was 4.1% as of June 30, 2017, which is a decrease from a rate of 4.2% twelve months ago. This compares favorably to the state's average unemployment rate of 4.1% and the national average rate of 4.4% (not seasonally adjusted). Inflationary trends in the region compare favorably to the national indices.

Overall, the Town's budget decreased \$27,540 (0.12%) between fiscal year 2017 and fiscal year 2018 from \$23,266,950 to \$23,239,410, as follows:

<u>Budget</u>	<u>FY 2017-2018</u>	<u>FY 2016-2017</u>	<u>\$ Change</u>	<u>% Change</u>
General Government	\$ 7,088,845	\$ 7,298,430	\$ (209,585)	-2.87%
Amity Regional School District #5	9,495,632	9,437,982	57,650	0.61%
Elementary School	<u>6,654,933</u>	<u>6,530,538</u>	<u>124,395</u>	1.90%
Total	<u>\$ 23,239,410</u>	<u>\$ 23,266,950</u>	<u>\$ (27,540)</u>	-0.12%

The total fiscal year 2018 budget of Amity Regional School District #5 increased 1.26% from \$47,835,699 to \$48,439,163. The Town of Bethany's share based on the average daily membership (ADM), decreased from 20.389% FY 2016-2017 to 19.680% FY 2017-2018.

Town of Bethany, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The tax levy for fiscal year 2018 increased budgeted revenue \$1,212,569 (6.19%) from \$19,584,115 to \$20,796,684. The net taxable grand list increased 1.25% and the mil rate increased 6.76% from 35.50 to 37.90.

Except as noted below, municipal revenue and expenditure changes from the fiscal 2017 budget were modest adjustments.

Revenues

- \$1,251,774 decrease in Education Cost Sharing in anticipation of a dramatic reduction due to the State of Connecticut's fiscal crisis and failure of the legislature to approve a timely budget;
- \$37,500 decrease in grant revenue due to the elimination of tax reimbursement for veterans and the elderly;
- \$66,066 increase in municipal revenue sharing;
- \$234,892 decrease in Local Capital Improvement (LOCIP) grant (FY17 budget anticipated receipt of several years of grant proceeds);
- \$100,000 budgeted for return of Amity Regional School District #5 unexpended funds.

Expenditures

- A decrease of \$234,892 in LOCIP expenditures, consistent with the recognition of the grant revenue;
- A decrease of \$36,350 in medical insurance.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Board of Finance at Bethany Town Hall, 40 Peck Road, Bethany, Connecticut 06524.

TOWN OF BETHANY, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2017

Assets

Cash and cash equivalents	\$ 4,257,017
Investments	1,629,887
Receivables:	
Taxes, net of allowance of \$72,685	152,298
Accounts	75,713
Loans	89,988
Interest	58,786
Intergovernmental	40,809
Other	257,372
Prepaid expenses	10,760
Inventories	53,945
Capital assets:	
Capital assets, not being depreciated	7,324,856
Capital assets, net of accumulated depreciation	<u>20,061,593</u>
Total assets	<u>34,013,024</u>

Deferred Outflows of Resources

Pension related net deferred outflows	79,535
Pension contributions subsequent to measurement date	<u>44,796</u>
Total deferred outflows of resources	<u>124,331</u>

Liabilities

Accounts payable	540,476
Accrued expenses	80,120
Accrued interest	35,462
Unearned revenue	125,486
Due to others	54,860
Noncurrent liabilities:	
Due within one year	2,748,059
Due in more than one year	<u>4,519,288</u>
Total liabilities	<u>8,103,751</u>

Net Position

Net investment in capital assets	21,931,452
Unrestricted	<u>4,102,152</u>
Total net position	<u>\$ 26,033,604</u>

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

TOWN OF BETHANY, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges For Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:				Governmental Activities	
General government	\$ (1,415,411)	\$ 218,801	\$ -	\$ -	\$ (1,196,610)
Public safety	(1,044,179)	215,735	11,656	-	(816,788)
Highways and public works	(1,935,327)	-	211,061	-	(1,724,266)
Health	(627,952)	109,172	-	-	(518,780)
Human services	(90,015)	-	-	-	(90,015)
Community services	(264,399)	-	4,000	265,681	5,282
Insurance and benefits	(902,692)	-	-	-	(902,692)
Education	(17,948,881)	99,221	3,849,951	-	(13,999,709)
Interest on long-term debt	(82,801)	-	-	-	(82,801)
Total governmental activities	\$ (24,311,657)	\$ 642,929	\$ 4,076,668	\$ 265,681	(19,326,379)
General Revenues:					
Property taxes, interest, and lien fees					19,877,550
Grants and contributions not restricted to specific programs					645,723
Interest and investment earnings					25,972
Other					227,521
Total general revenues					20,776,766
Change in net position					1,450,387
Net position, beginning of year					24,583,217
Net position, end of year					\$ 26,033,604

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

TOWN OF BETHANY, CONNECTICUT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 3,590,146	\$ 313,048	\$ 353,823	\$ 4,257,017
Investments	1,629,887	-	-	1,629,887
Receivables:				
Taxes, net of allowance of \$72,685	152,298	-	-	152,298
Accounts	75,713	-	-	75,713
Loans	-	-	89,988	89,988
Interest	58,786	-	-	58,786
Intergovernmental	9,319	-	31,490	40,809
Other	203,026	-	54,346	257,372
Due from other funds	63,244	637,473	117,013	817,730
Prepaid expenses	10,760	-	-	10,760
Inventories	51,993	-	1,952	53,945
Total assets	\$ 5,845,172	\$ 950,521	\$ 648,612	\$ 7,444,305
<u>Liabilities</u>				
Accounts payable	\$ 534,349	\$ -	\$ 6,127	\$ 540,476
Accrued expenses	80,120	-	-	80,120
Unearned revenue	109,095	-	16,391	125,486
Due to other funds	754,486	-	63,244	817,730
Due to others	54,860	-	-	54,860
Total liabilities	1,532,910	-	85,762	1,618,672
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - taxes	174,748	-	-	174,748
Unavailable revenue - long-term loans receivable	-	-	89,988	89,988
<u>Fund Balances</u>				
Nonspendable	62,753	-	1,952	64,705
Restricted	3,300	-	137,051	140,351
Committed	-	1,131,550	-	1,131,550
Assigned	342,927	183,752	333,859	860,538
Unassigned	3,728,534	(364,781)	-	3,363,753
Total fund balances	4,137,514	950,521	472,862	5,560,897
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,845,172	\$ 950,521	\$ 648,612	

Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,386,449
Taxes and long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	264,736
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds, loans, and capital lease obligations	(5,454,997)
Accrued interest	(35,462)
Pension, related net deferred outflows of resources, OPEB, and compensated absences	(1,688,019)
Net position	\$ 26,033,604

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

TOWN OF BETHANY, CONNECTICUT

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

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total
Revenues:				
Property taxes	\$ 19,831,052	\$ -	\$ -	\$ 19,831,052
Intergovernmental	3,900,285	347,821	401,472	4,649,578
Local	242,934	-	327,967	570,901
Other	662,656	-	31,219	693,875
Interest earnings	128,376	7,979	1,458	137,813
Total revenues	24,765,303	355,800	762,116	25,883,219
Expenditures:				
Current:				
General government	1,233,475	15,765	17,144	1,266,384
Public safety	668,307	-	193,304	861,611
Public works	1,037,760	-	-	1,037,760
Health	600,742	-	-	600,742
Human services	90,015	-	-	90,015
Community services	264,399	-	-	264,399
Insurance and benefits	902,692	-	-	902,692
Education	17,059,134	-	340,899	17,400,033
Debt service	692,399	46,512	-	738,911
Capital outlay	935,870	1,799,928	450,007	3,185,805
Total expenditures	23,484,793	1,862,205	1,001,354	26,348,352
Excess of revenues over (under) expenditures	1,280,510	(1,506,405)	(239,238)	(465,133)
Other Financing Sources (Uses):				
Proceeds from issuance of debt	-	2,045,000	-	2,045,000
Transfers in (out)	(391,512)	291,512	100,000	-
Net change in fund balances	888,998	830,107	(139,238)	1,579,867
Fund balances, beginning of year	3,248,516	120,414	612,100	3,981,030
Fund balances, end of year	\$ 4,137,514	\$ 950,521	\$ 472,862	\$ 5,560,897

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

TOWN OF BETHANY, CONNECTICUT

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds \$ 1,579,867

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

Capital outlay	3,136,432
Depreciation expense	<u>(1,580,388)</u>
	<u>1,556,044</u>

The issuance of long-term debt 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:	
Issuance of debt	(2,045,000)
Issuance of loan	(100,000)
Principal repayments:	
General obligation bonds	605,000
Capital lease payments	42,083
Loan payments	16,667
Premium on bonds	5,972
	<u>(1,475,278)</u>

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

Revenues:	
Taxes, interest and liens	(65,343)
Grants receivable	(55,832)
Change in deferred outflows related to pension contributions	60,899
Expenses:	
Pensions	(68,641)
OPEB	(62,832)
Compensated absences	(4,885)
Accrued interest payable	(13,612)
	<u>(210,246)</u>

Change in net position \$ 1,450,387

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

TOWN OF BETHANY, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Firemen's Retention Plan Trust Fund	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 851	\$ 185,300
Investments	326,022	-
Due from other funds	-	514
	<hr/>	<hr/>
Total assets	326,873	185,814
<u>Liabilities</u>		
Due to others	-	123,095
Due to other funds	140,307	62,719
	<hr/>	<hr/>
Total liabilities	140,307	185,814
<u>Net Position</u>		
Net position held in trust for pension benefits	186,566	-
	<hr/>	<hr/>
Total net position	\$ 186,566	\$ -
	<hr/>	<hr/>

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

TOWN OF BETHANY, CONNECTICUT

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

	<u>Firemen's Retention Plan Trust Fund</u>
Additions:	
Employer contributions	\$ 16,000
Interest and dividends	19,480
Net appreciation in fair value of investments	1,335
	<u>36,815</u>
Deductions:	
Benefits paid	136,848
Fees and expenses	227
	<u>137,075</u>
Change in net position	(100,260)
Net position, beginning of year	<u>286,826</u>
Net position, end of year	<u>\$ 186,566</u>

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

TOWN OF BETHANY, CONNECTICUT

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 19,584,115	\$ 19,584,115	\$ 19,831,052	\$ 246,937
Intergovernmental	2,915,635	2,915,635	2,619,182	(296,453)
Local	228,200	228,200	242,934	14,734
Other	434,000	434,000	662,656	228,656
Interest earnings	105,000	105,000	128,376	23,376
Total revenues	<u>23,266,950</u>	<u>23,266,950</u>	<u>23,484,200</u>	<u>217,250</u>
Expenditures:				
General government	1,375,692	1,375,692	1,245,034	130,658
Public safety	665,050	665,050	669,054	(4,004)
Public works	1,785,252	1,785,252	1,777,985	7,267
Health	626,958	626,958	600,742	26,216
Human services	100,914	100,914	92,994	7,920
Community services	1,016,746	1,016,746	836,271	180,475
Insurance and benefits	1,035,588	1,035,588	902,692	132,896
Debt service	692,230	692,230	692,399	(169)
Regional high school	9,437,982	9,437,982	9,437,981	1
Elementary school	6,530,538	6,530,538	6,530,538	-
Total expenditures	<u>23,266,950</u>	<u>23,266,950</u>	<u>22,785,690</u>	<u>481,260</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	698,510	<u>\$ 698,510</u>
Fund balance, beginning of year			<u>3,248,516</u>	
Fund balance, end of year			<u>\$ 3,947,026</u>	

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

TOWN OF BETHANY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1 – Summary of Significant Accounting Policies

The Town of Bethany, Connecticut (the “Town”), is a municipal corporation governed by a selectmen/town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes, and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. An elected Board of Finance is the budget making authority and supervises the Town's financial matters.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies.

Reporting Entity

The financial reporting entity consists of: 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency, and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with the Town.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government as a whole. For the most part, the effects of interfund activity have been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. 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 requirement of a particular function or segment, and 3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with nonmajor funds aggregated and presented in a single column. The Town maintains fiduciary funds, which are reported by type.

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

The Town's resources are reflected in the fund financial statements in two broad fund categories in accordance with generally accepted accounting principles as follows:

Governmental Funds – Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

The following are the Town's major governmental funds:

General Fund – the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

Capital Reserve Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Town also reports the following nonmajor governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The nonmajor special revenue funds of the Town are:

Education Grants Fund – used to account for and report the proceeds of State and Federal grants that are restricted to expenditures for education.

School Lunch Program Fund – used to account for and report the proceeds of State and Federal grants and fees that are restricted or assigned to expenditures for the school lunch program.

Cemetery Fund – used to collect fees and make expenditures for the care of the grounds.

Historic Preservation PA 00-146 – established under the named public act concerning service charges applied to real estate filings to fund the historic preservation of Town records.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Housing Rehabilitation Fund – established with a Federal grant to lend home improvement money to citizens that otherwise would not be able to afford to bring their homes up to the current safety codes.

Playhouse Group Fund – used for establishing a theater troop in Bethany.

Preschool Fund – collects fees and related costs for preschool.

Connecticut Clean Energy Fund – accounts for a grant for the same purpose.

Police Fund – used for the revenue and expenditures for police overtime and special events.

The following are the Town's nonmajor capital project funds:

Land Acquisition Fund – used to accumulate money for future land purchases.

Agriculture Grant Fund – used to account for a grant for the same purpose.

Airport Property Improvement Fund – used for capital expenditures and repairs to the former airport.

Fiduciary Funds (not included in the government-wide financial statements) – The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Funds are primarily utilized to account for monies held as custodian for outside groups.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Funds have no measurement focus but utilize 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict GASB guidance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and certain other revenues are considered to be available if collected within 60 days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues, are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, other post employment benefit obligations, and certain pension obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents, and Investments

Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds, and treasury bills with original maturities of less than three months.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town deposits may not be returned to it. The Town's policy for custodial credit risk is to allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments – The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution brokers/dealers and advisors. The Town policy allows investments in the following: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Interest Rate Risk – Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. 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. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Fair Value Measurements

The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. GAAP establishes a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity (“observable inputs”) and the reporting entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (“unobservable inputs”) and requires that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets the Town has the ability to access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation of these assets does not entail significant judgment.
- Level 2 - Valuation based on quoted prices for similar assets in active markets; quoted prices for similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Town’s own assumptions about assumptions that market participants might use.

The Town’s investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2017.

Taxes Receivables

Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Under Connecticut State Statutes, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of 15 years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due. The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2017, the Town has established an allowance for uncollectible taxes and interest of \$72,685.

Other Receivables

Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses

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

Loans Receivable

The Town administers a loan program for individuals and families in need. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2017, loans receivable totaled \$89,988 under this program.

Inventory

Inventory is valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "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).

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

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

Land and construction-in-progress is not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Threshold</u>
Buildings and systems	25-50	\$ 5,000
Machinery and equipment		
Vehicles	10-20	5,000
Equipment	5-10	5,000
Infrastructure	40	5,000

Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness. Vacation pay is generally not available beyond the fiscal year it is earned. Unused sick leave may be accumulated to be used for future absences or is payable upon termination. Sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

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 a deferred outflow of resources in the government-wide Statement of Net Position related to pension contributions made subsequent to the measurement date. These amounts are deferred and included in pension expense in the subsequent year. Also, the Town reports a deferred outflow of resources in the government-wide Statement of Net Position related to pension results from differences between expected and actual experience in the government-wide Statement of Net Position. These amounts are deferred and included in pension expense in a systematic and rational manner.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The unavailable revenues from property taxes and long-term loans are reported in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, or other commitments for expenditures are recorded to reserve a portion of an applicable appropriation, is utilized in governmental funds, primarily the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute expenditures or liabilities. There were \$190,488 of encumbrances at year end 2017.

Net Pension Liability

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

Net Position and Fund Balance

In the government-wide financial statements, net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets and restricted net position. The balance is classified as unrestricted.

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable – fund balance amounts that cannot be spent because they are either not in spendable form (inventories, prepaids, and long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted – fund balance amounts to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments, or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the State of Connecticut Statutes.

Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the Town’s highest level of decision-making authority, which is a motion at a Town Meeting. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the entity's governing boards.

Assigned – fund balance amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Currently, this is done by the Board of Finance. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted, or committed fund balance amounts.

Unassigned – fund balance amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted, and committed would exceed the fund's assets and deferred outflows.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the Town considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows/outflows, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Budgeting and Budgetary Accounting

General Fund

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- Teachers' Retirement – The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 68 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

The Boards of Selectmen and Education submit requests for appropriations to the Board of Finance. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing, and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by Connecticut State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any department appropriation. A Town Meeting must be called to make appropriations over \$20,000 or additional changes to previously adjusted appropriations.

A reconciliation of General Fund operations presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") to the amounts presented on the budgetary basis is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis	\$ 23,484,200	\$ 22,785,690	\$ -
Encumbrances at June 30, 2017	-	(190,488)	-
State Teachers' Retirement on-behalf payment, not recognized for budgetary purposes	1,281,103	1,281,103	
Reclassifications	<u>-</u>	<u>(391,512)</u>	<u>(391,512)</u>
GAAP basis	<u>\$ 24,765,303</u>	<u>\$ 23,484,793</u>	<u>\$ (391,512)</u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant programs, are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Capital Project Funds

Legal authorization for expenditures of the Capital Project Funds is provided by the Town ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Note 3 – Deposits and Investments

Cash and Cash Equivalents

Cash and cash equivalents of the Town consist of the following at June 30, 2017:

<u>Governmental Funds</u>	
Cash and cash equivalents	\$ 3,459,032
Connecticut Short Term Investment Fund	<u>797,985</u>
	4,257,017
<u>Fiduciary Funds</u>	
Cash and cash equivalents	<u>186,151</u>
Total cash and cash equivalents	<u>\$ 4,443,166</u>

Custodial Credit Risk on Deposits

As of June 30, 2017, the carrying amount of the Town's deposits with financial institutions was \$3,645,183. The bank balance of the deposits was \$3,799,357 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 432,219
Uninsured and collateralized	410,117
Uninsured and uncollateralized	<u>2,957,021</u>
	<u>\$ 3,799,357</u>

Investments

Investments are summarized as follows at June 30, 2017:

	<u>Fair Market Value</u>	<u>Maturity not Applicable</u>	<u>Investment Maturity (in Years)</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>5-10</u>	<u>10-30</u>
<u>General Fund</u>						
Fixed income	<u>\$ 1,629,887</u>	<u>\$ -</u>	<u>\$ 5,460</u>	<u>\$ 1,624,427</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Pension Trust Fund</u>						
U.S. Government agencies	\$ 37,898	\$ -	\$ -	\$ -	\$ -	\$ 37,898
Mutual funds	124,348	124,348	-	-	-	-
REIT	75,875	75,875	-	-	-	-
Other	<u>87,901</u>	<u>87,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total pension trust fund	<u>\$ 326,022</u>	<u>\$ 288,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,898</u>

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Note 4 – Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows:

	<u>Balance at July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 4,157,141	\$ 215,483	\$ -	\$ 4,372,624
Construction in progress	<u>1,362,835</u>	<u>1,589,397</u>	<u>-</u>	<u>2,952,232</u>
Total capital assets not being depreciated	<u>5,519,976</u>	<u>1,804,880</u>	<u>-</u>	<u>7,324,856</u>
Capital assets being depreciated:				
Buildings and systems	17,660,997	180,826	-	17,841,823
Machinery and equipment	7,400,607	442,999	-	7,843,606
Infrastructure	<u>22,439,336</u>	<u>707,727</u>	<u>(440,000)</u>	<u>23,587,063</u>
Total capital assets being depreciated	<u>47,500,940</u>	<u>1,331,552</u>	<u>(440,000)</u>	<u>49,272,492</u>
Less accumulated depreciation:	<u>(27,190,511)</u>	<u>(1,580,388)</u>	<u>440,000</u>	<u>(29,210,899)</u>
Total depreciable capital assets, net	<u>20,310,429</u>	<u>(248,836)</u>	<u>-</u>	<u>20,061,593</u>
Capital assets, net	<u>\$ 25,830,405</u>	<u>\$ 1,556,044</u>	<u>\$ -</u>	<u>\$ 27,386,449</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 94,769
Public works	888,353
Public safety	184,040
Health and welfare	27,210
Education	<u>386,016</u>
Total depreciation expense	<u>\$ 1,580,388</u>

Note 5 – Long-Term Obligations

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 3,770,000	\$ -	\$ (605,000)	\$ 3,165,000	\$ 605,000
Bond premiums	123,393	-	(5,972)	117,421	5,972
Bond anticipation notes	-	2,045,000	-	2,045,000	2,045,000
Loan payable – Eversource	-	100,000	(16,667)	83,333	24,996
Capital leases	86,326	-	(42,083)	44,243	44,243
Compensated absences	78,189	4,885	-	83,074	22,848
Other post employment benefits	1,140,253	74,932	(12,100)	1,203,085	-
Firemen's pension	216,100	30,528	(32,000)	214,628	-
Net pension liability	<u>241,450</u>	<u>70,113</u>	<u>-</u>	<u>311,563</u>	<u>-</u>
	<u>\$ 5,655,711</u>	<u>\$ 2,325,458</u>	<u>\$ (713,822)</u>	<u>\$ 7,267,347</u>	<u>\$ 2,748,059</u>

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2017, consisted of the following:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Matures in Year Ending</u>	<u>Average Interest</u>	<u>Current Amount</u>
Education/Public Safety	2012	\$ 5,505,000	2027	1%-3%	\$ 2,350,000
Transportation	2012	2,060,000	2020	1%-3%	<u>815,000</u>
					<u>\$ 3,165,000</u>

Payments to maturity on the general obligation bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 515,000	\$ 70,924
2019	515,000	58,049
2020	525,000	47,649
2021	240,000	38,799
2022	235,000	32,555
2023	235,000	27,268
2024	230,000	21,634
2025	225,000	15,718
2026	225,000	9,559
2027	<u>220,000</u>	<u>3,161</u>
	<u>\$ 3,165,000</u>	<u>\$ 325,316</u>

Bond Anticipation Notes

During the year ended June 30, 2016, a \$2,185,000 appropriation was authorized to be expended for the purchase of a new fire truck, a salt shed at the town airport, and a school roof repair project. Also authorized, was the issuance of \$2,185,000 of bonds and notes to fund the authorized appropriations and on November 8, 2016, the Town issued \$2,045,000 of bond anticipation notes due August 7, 2017, with an annual interest rate of 1.25% to fund these projects.

Loan Payable - Eversource

In November 2016, the Town financed certain lighting improvements with a loan for \$100,000. The loan matures serially from December 2016 to November 2020 with monthly principal payments of \$2,083 and bears interest of zero percent.

Bonds Authorized and Unissued

At June 30, 2017, there were \$140,000 authorized and unissued bonds for general purposes.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Capital Leases Payable

The Town has entered into various lease agreements as lessee for financing the acquisition of equipment. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date in the government-wide financial statements.

The assets acquired through the capital leases for outstanding lease obligations are as follows:

Equipment	\$ 132,414
Less accumulated depreciation	<u>(15,243)</u>
	<u>\$ 117,171</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017, were as follows:

<u>Year Ending June 30,</u>	
2018	\$ <u>46,512</u>
	46,512
Less amount representing interest	<u>(2,269)</u>
	<u>\$ 44,243</u>

Prior Years Advance Refundings

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust. New debt has been issued, and the proceeds have been used, to purchase U.S. Government securities that were placed in the trust. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements.

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Note 6 – Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>
Nonspendable:			
Prepaid expenses	\$ 10,760	\$ -	\$ -
Inventories	<u>51,993</u>	<u>-</u>	<u>1,952</u>
	<u>62,753</u>	<u>-</u>	<u>1,952</u>
Restricted:			
Capital projects	3,300	-	85,587
Culture and recreation	-	-	15,196
Community service	<u>-</u>	<u>-</u>	<u>36,268</u>
	<u>3,300</u>	<u>-</u>	<u>137,051</u>
Committed:			
Capital projects	<u>-</u>	<u>1,131,550</u>	<u>-</u>
Assigned:			
Subsequent year's budget	152,439	-	-
General government	-	-	22,272
Education	190,488	-	69,581
Public safety	-	-	49,534
Culture and recreation	-	-	2,113
Community service	-	-	4,797
Capital projects	<u>-</u>	<u>183,752</u>	<u>185,562</u>
	<u>342,927</u>	<u>183,752</u>	<u>333,859</u>
Unassigned:	<u>3,728,534</u>	<u>(364,781)</u>	<u>-</u>
	<u>\$ 4,137,514</u>	<u>\$ 950,521</u>	<u>\$ 472,862</u>

Fund Deficit

Certain projects of the Capital Reserve Fund reported a deficit at June 30, 2017, totaling \$364,781. The fund deficit will be satisfied through General Fund transfers and/or the issuance of debt.

Note 7 – Pension Plans

Connecticut Teachers' Retirement System

Description of System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by the System are as follows:

Normal Benefit: A member 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, is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated Benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 7.25% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2016/2017 school year, \$226,163 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$3,119,472. The Town had 49 active participants in the System at June 30, 2017.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, 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 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 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 asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
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 Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Discount Rate

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

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

The following presents the Town’s proportionate share of the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Sensitivity of the system’s proportionate share of the net pension liability related to the Town	\$ 14,493,161	\$ 11,747,532	\$ 9,426,535

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$11,747,532.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2017, the Town recognized \$1,281,103 as the amount expended by the State on behalf of the Town to meet the State’s funding requirements.

Connecticut Municipal Employees Retirement System

Description of Retirement System

The Town is a participating municipality of the Connecticut's Municipal Employees Retirement System (“CMERS”), which is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut General Statute Title 7, Chapter 113. CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The Town had 6 active participants in CMERS at June 30, 2017.

CMERS is considered a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense information about CMERS net position and additions to/deductions from CMERS net position have been determined on the same basis as they are reported by CMERS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by CMERS include retirement, disability, and death benefits as follows:

General Employees – Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen – Compulsory retirement age for police and fire members is age 65.

Normal Retirement – For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by social security, the benefit is 1% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the benefit until age 62 or until a social security disability award is received, is computed as if the member is not under social security.

Early Retirement – Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated based on average final compensation and service to date of termination. Deferred to normal retirement age or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit – The plan also offers a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contribution Requirements

Employer – As a participating municipality, the Town makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment, which covers the liabilities of CMERS not met by member contributions.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Employees – For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

The Town’s required contribution to CMERS is currently 11.38% of covered payroll. Such contribution was \$44,796 for the year ended June 30, 2017, related to covered payroll of \$393,640.

Actuarial Assumptions

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

Inflation	3.25 Percent
Salary increases, including inflation	4.25-11.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

The long-term expected rate of return on pension 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 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 asset class as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	16.0%	5.8%
Developed Non-U.S. Equities	14.0%	6.6%
Emerging Markets (Non-U.S.)	7.0%	8.3%
Core Fixed Income	8.0%	1.3%
Inflation Linked Bonds	5.0%	1.0%
Emerging Market Bonds	8.0%	3.7%
High Yield Bonds	14.0%	3.9%
Real Estate	7.0%	5.1%
Private Investments	10.0%	7.6%
Alternative Investments	8.0%	4.1%
Liquidity Fund	3.0%	0.4%

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Discount Rate

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

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

The following presents the Town's proportionate share of the net pension liability of CMERS, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	<u>1% Decrease</u> <u>(7.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(8.00%)</u>	<u>1% Increase</u> <u>(9.00%)</u>
Sensitivity of the proportionate share of the net pension liability	\$ 491,578	\$ 311,563	\$ 158,916

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

At June 30, 2017, the Town reported a liability in the government-wide Statement of Net Position for its proportionate share (0.158736%) of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$311,563.

June 30, 2016, is the actuarial valuation date upon which the total pension liability is based. The total pension liability was calculated as of the June 30, 2016, measurement date. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date, except the Town's proportional share changed from 0.176356% of the pension liability at the prior measurement date to 0.158736% of the pension liability at the current June 30, 2016, measurement date.

The Town recognized the total proportionate share of the collective pension expense in the government-wide Statement of Activities associated with the Town of \$74,739 for the fiscal year ended June 30, 2017.

At June 30, 2017, the Town reported deferred outflows of resources related to CMERS in its government-wide Statement of Net Position from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>
Difference between expected and actual experience	\$ 6,714
Change in assumptions	(17,734)
Net difference between projected and actual earnings on plan investments	90,555
Town contributions subsequent to the measurement date	<u>44,796</u>
Total	<u>\$ 124,331</u>

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

The deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date of June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other deferred outflows and inflows are amortized over a closed five-year period.

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

Fiscal year ended June 30,	
2018	\$ 61,548
2019	16,752
2020	29,823
2021	16,208

Recruitment and Retention Plan - Town of Bethany Volunteer Fire Association

Summary

Substantially all Members (as defined in the plan) of the Bethany Volunteer Firemen's Association, Inc. may participate in the 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. Plan benefit and contribution requirements are established by the plan, which may be amended by the Town.

Benefit Provisions

Eligibility to participate in the plan is based upon minimum age and months of service requirements. Participants are fully vested in year 20 of participation and are unvested prior to that time. Retirement benefits are paid following the participants' attainment of the longer of the age 62 and 20 years of service. Under the plan agreement, the Town is obligated to make contributions as deemed necessary by an actuary. The Town reserves the right to make any amendments to the plan and may terminate the plan at any time. The plan is administered by Volunteer Firemen's Services, Inc.

Basis of Accounting

The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Investments

For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of plan investment expenses, was 6.7%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Investments are valued at fair market value using quoted market prices.

Contributions

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate the assets needed to pay benefits when due. For the year ended June 30, 2017, the Town contributed \$16,000 to the plan.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2017, were as follows:

Total pension liability	\$ 501,444
Plan fiduciary net position	<u>286,826</u>
Net pension liability	<u>\$ 214,618</u>

Defined Contribution Plan – Town Employees

The Town maintains a non-contributory money purchase plan for all full time regular employees (excluding Board of Education and Public Works employees, who are covered separately) upon completion of six months of service with the Town. Participants, 21 years of age and over, vest immediately and may voluntarily contribute up to 15% of gross income. The Town contributes 8% of employees' normal earnings. This year the Town contributed \$62,781 to the plan. At June 30, 2017, there were 15 active participants in the plan.

Defined Contribution Plan – Non-Certified Board of Education Employees

Non-certified employees of the Board of Education who have completed one year of service are eligible to participate in a non-contributory money purchase pension plan. The Town contributes 7% to 11% of employees' normal earnings and participants vest immediately. During the current year, the Town contributed \$32,985 to the plan. The plan is administered by various companies. At June 30, 2017, there were 7 active participants in the plan.

Note 8 – Other Post Employment Benefits (OPEB)

Plan Description

The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town in accordance with various collective bargaining agreements. The plan does not issue separate financial statements.

Eligibility:	Age 50 with 25 years of service, age 55 with 20 years of service, or age 60 with 10 years of service.
Cost Sharing:	All retirees pay 100% of the premiums less the amount paid to the Town by the Teachers' Retirement Board.
Plan of Coverage:	Various medical plans depending on whether retirement is prior to age 65 or after 65 and whether eligible for Medicare.

Funding Policy

The Town makes annual contributions on a pay-as-you-go basis.

Plan Participants

The plan had the following number of participants as of July 1, 2016:

Active	58
Retirees	<u>2</u>
Total	<u>60</u>

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Actuarial Assumptions and Methods

The Town has elected to use the alternative approach to calculate OPEB related benefits. This allows financial statement preparers to use certain simplifying assumptions to project benefits without the use of an actuary. The significant assumptions to apply this method were developed by the Board of Education with the use of an outside vendor.

Latest Actuarial Date	July 1, 2016
Actuarial Cost Method	Projected Unit Credit
Discount Rate	3.00%
Payroll Growth Rate	3.00%
Medical Inflation	Initial rate of 5%
Amortization Method	Level dollar amount
Remaining amortization	30 years, open
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table
Turnover	Based on the experience under the Connecticut State Teachers' Retirement System
Retirement	Based on the experience under the Connecticut State Teachers' Retirement System

Schedule of Funding Progress

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded. The Town has not established a formal funding plan or a trust at this time. Below is a schedule of funding progress. (Data in the table below is only presented since the year of transition.):

Schedule of Funding Progress				
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
July 1,	(a)	(b)	(b-a)	(a÷b)
2016	\$ -	\$ 739,700	\$ 739,700	0%
2013	-	1,108,800	1,108,800	0%
2010	-	1,661,113	1,661,113	0%

Schedule of Employer Contributions

Schedule of Employer Contributions			
Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2017	\$ 97,200	\$ 12,100	12%
2016	118,800	10,300	9%
2015	116,800	11,200	10%
2014	114,900	6,600	6%
2013	193,010	22,575	12%
2012	192,077	20,555	11%

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Annual Required Contribution (ARC)

The Annual Required Contribution (“ARC”) for the OPEB program consists of two pieces:

Past Service Cost (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2007. The ARC is assumed to be paid at the beginning of the fiscal year. Interest is also calculated on the Unfunded Accrued Liability and added to the Annual Required Contribution.

Normal Cost is the present value of the portion of the projected benefit attributable to the current year (the cost of benefits earned each year should be accrued in that year).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$ 97,200
Interest on net OPEB obligation	34,208
Adjustment to annual required contribution	<u>(56,476)</u>
Annual OPEB cost (AOC)	74,932
Contributions made	<u>(12,100)</u>
Increase in net OPEB obligation	62,832
Net OPEB obligation, beginning of year	<u>1,140,253</u>
Net OPEB obligation, end of year	<u>\$ 1,203,085</u>

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost (AOC)</u>	<u>Actual</u> <u>Contribution</u> <u>Made</u>	<u>Percentage of</u> <u>AOC Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/17	\$ 74,932	\$ 12,100	16%	\$ 1,203,085
6/30/16	100,400	10,300	10%	1,140,253
6/30/15	99,952	11,200	11%	1,050,153
6/30/14	99,686	6,600	7%	961,401
6/30/13	193,010	22,575	12%	868,315

Other Disclosures

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Note 9 – Contingent Liabilities

Litigation

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

Grants

The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants

Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the town abandons, sells, leases, demolishes, or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of over \$2,000,000, the contingency will be amortized over 20 years. For smaller projects, the contingency will be amortized over 10 years.

Note 10 – Risk Management

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes Section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

Note 11 – Recently Issued Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB Statement No. 75, which will most likely have a material impact, though the amount has not yet been determined:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

GASB Statement No. 75 carries forward from GASB Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

GASB issued Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Town of Bethany, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues. This Statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, Leases. This Statement improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Note 12 – Subsequent Events

On August 7, 2017, the Town issued \$3,240,000 of bond anticipation notes maturing August 6, 2018, with an annual interest rate of 1.35% payable at maturity. The Bonds maturing on or before July 15, 2027, are not subject to redemption prior to maturity. The proceeds from the issuance were used to pay off the \$2,045,000 bond anticipation notes outstanding at June 30, 2017, with the balance of \$1,195,000 to be used for the emergency services communication project.

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

TOWN OF BETHANY, CONNECTICUT

**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.158736%</u>	<u>0.176356%</u>	<u>0.176356%</u>
Town's proportionate share of the net pension liability	<u>\$ 311,563</u>	<u>\$ 241,450</u>	<u>\$ 181,414</u>
Town's covered-employee payroll	<u>\$ 393,640</u>	<u>\$ 396,367</u>	<u>\$ 414,917</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>79.15%</u>	<u>60.92%</u>	<u>43.72%</u>
System fiduciary net position as a percentage of the total pension liability	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

Note: The above information relates to June 30, 2016, the last actuarial valuation.

See accompanying Independent Auditors' Report.

TOWN OF BETHANY, CONNECTICUT

**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF TOWN CONTRIBUTIONS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 44,796	\$ 45,107	\$ 49,707
Contributions in relation to the contractually required contribution	<u>(44,796)</u>	<u>(45,107)</u>	<u>(49,707)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 393,640</u>	<u>\$ 396,367</u>	<u>\$ 414,917</u>
Contributions as a percentage of covered-employee payroll	<u>11.38%</u>	<u>11.38%</u>	<u>11.98%</u>

See accompanying Independent Auditors' Report.

TOWN OF BETHANY, CONNECTICUT

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
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's proportionate share of the net pension liability associated with the Town	<u>11,747,532</u>	<u>9,069,208</u>	<u>8,382,665</u>
Total	<u>\$ 11,747,532</u>	<u>\$ 9,069,208</u>	<u>\$ 8,382,665</u>
Town's covered-employee payroll	<u>\$ 3,119,472</u>	<u>\$ 3,193,576</u>	<u>\$ 3,120,869</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	20.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 percent, net of investment related expense

See accompanying Independent Auditors' Report.

TOWN OF BETHANY, CONNECTICUT

**RECRUITMENT AND RETENTION PLAN
TOWN OF BETHANY VOLUNTEER FIRE ASSOCIATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ -	\$ 95,322	\$ 19,567	\$ 22,919
Difference between expected and actual results	(1,482)	-	-	-
Benefit payments	<u>-</u>	<u>(92,274)</u>	<u>-</u>	<u>(140,387)</u>
Net change in total pension liability	(1,482)	3,048	19,567	(117,468)
Total pension liability - beginning	<u>502,926</u>	<u>499,878</u>	<u>480,311</u>	<u>597,779</u>
Total pension liability - ending	<u>\$ 501,444</u>	<u>\$ 502,926</u>	<u>\$ 499,878</u>	<u>\$ 480,311</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ -	\$ 16,000	\$ 40,000	\$ 40,000
Net investment income	-	30,907	17,794	14,346
Benefit payments	-	(92,274)	-	(140,387)
Administrative expenses	<u>-</u>	<u>(2,456)</u>	<u>(2,491)</u>	<u>(4,166)</u>
Net change in plan fiduciary net position	-	(47,823)	55,303	(90,207)
Plan fiduciary net position - beginning	<u>286,826</u>	<u>334,649</u>	<u>279,346</u>	<u>369,553</u>
Plan fiduciary net position - ending	<u>\$ 286,826</u>	<u>\$ 286,826</u>	<u>\$ 334,649</u>	<u>\$ 279,346</u>
Net pension liability - ending	<u>\$ 214,618</u>	<u>\$ 216,100</u>	<u>\$ 165,229</u>	<u>\$ 200,965</u>
Plan fiduciary net position as a percent of the total pension liability	<u>57.20%</u>	<u>57.03%</u>	<u>66.95%</u>	<u>58.16%</u>
Covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability as a percent of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Note: For 2017, the actuarial valuation changed to a July 1 valuation date.

See accompanying Independent Auditors' Report.

TOWN OF BETHANY, CONNECTICUT
RECRUITMENT AND RETENTION PLAN
TOWN OF BETHANY VOLUNTEER FIRE ASSOCIATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 35,254	\$ 16,413	\$ 15,301	\$ 15,301
Contribution in relation to the actuarially determined contribution	<u>16,000</u>	<u>16,000</u>	<u>40,000</u>	<u>40,000</u>
Contribution deficiency (excess)	<u>\$ 19,254</u>	<u>\$ 413</u>	<u>\$ (24,699)</u>	<u>\$ (24,699)</u>

Notes to schedule

Valuation Date	7/1/2016	6/30/2016	6/30/2015	6/30/2014
Amortization Period	20 yrs	20 yrs	20 yrs	20 yrs
Remaining Amortization Period	10 yrs	17 yrs	18 yrs	19 yrs
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:				
Investment Rate of Return	3%	3%	4%	4%
Projected Salary Increases	N/A	N/A	N/A	N/A

Note: For 2017, the actuarial valuation changed to a July 1 valuation date.

Appendix B

Opinion of Bond Counsel and Tax Status

(This page intentionally left blank)

APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Bethany
Bethany, Connecticut

We have represented the Town of Bethany, Connecticut as Bond Counsel in connection with the issuance by the Town of \$3,230,000 General Obligation Bonds, Issue of 2018, dated as of August 6, 2018.

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

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

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

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as

a preference item for purposes of calculating the Federal alternative minimum tax, however, for tax years beginning prior to January 1, 2018, interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; and (3) the Bonds are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and, for tax years beginning prior to January 1, 2018, an alternative minimum tax on corporations. The alternative minimum tax on corporations has been repealed for tax years beginning after December 31, 2017. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

For tax years beginning prior to January 1, 2018, the Code provides, however, that for certain corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

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

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers

otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the

cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Owners of the Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

GENERAL.

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

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

[Remainder of page intentionally left blank]

Appendix C

Form of Continuing Disclosure Agreement

(This page intentionally left blank)

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

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

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of August 6, 2018 by the Town of Bethany, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$3,230,000 General Obligation Bonds, Issue of 2018, dated as of August 6, 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:

"Final Official Statement" means the official statement of the Issuer dated July 24, 2018 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2018) as follows:

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

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

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

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

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

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

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

Section 3. Notice of Certain Events.

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

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

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

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not

exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Treasurer, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Treasurer is Town Hall, 40 Peck Road, Bethany, Connecticut 06524.

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

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF BETHANY

By _____
Derrylyn Gorski
First Selectman

By _____
Lawrence B. Eisner
Treasurer

Appendix D

Notice of Sale

(This page intentionally left blank)

NOTICE OF SALE
\$3,230,000
Town of Bethany, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

ELECTRONIC BIDS via PARITY® will be received by the Town of Bethany, Connecticut at the offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut, until **11:30 A.M. Eastern Time on TUESDAY,**

JULY 24, 2018

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

\$3,230,000 General Obligation Bonds, Issue of 2018
Payable annually on August 1 as follows:

\$220,000 in 2020
\$215,000 in 2021 through 2034

The Bonds will be dated August 6, 2018, with interest payable on February 1, 2019 and thereafter semiannually on each August 1st and February 1st.

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

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date.

The record dates will be the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing after August 1, 2024 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2024, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2024 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

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

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

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

PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 6, 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 right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

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

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

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

By submitting a bid for the Bonds, a bidder, other than a bidder purchasing the Bonds for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased 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 Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

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

- (1) the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

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

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

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

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

- (i) “Public” means any person other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; however, for tax years beginning prior to January 1, 2018, interest on the Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax and for certain corporations; *and the Bonds are “qualified tax-exempt obligations”*; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

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

Official Statement. The Town of Bethany has prepared a preliminary Official Statement for the Bond issue which is dated July 17, 2018. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 25 copies of the Official Statement as prepared by the Town at the Town’s expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town’s Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town’s Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the

purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about August 6, 2018 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Thomas G. Broesler, Finance Manager, Town of Bethany, Town Hall, 40 Peck Road, Bethany, Connecticut 06524 (telephone: (203) 393-2100).

DERRYLYN GORSKI,
First Selectman

LAWRENCE EISNER,
Treasurer

July 17, 2018

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

Competitive Sale Requirements Satisfied

**TOWN OF BETHANY, CONNECTICUT
\$3,230,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

ISSUE PRICE CERTIFICATE

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

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

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

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

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

2. ***Defined Terms.***

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

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 24, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

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

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

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2018

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

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

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF BETHANY, CONNECTICUT
\$3,230,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018**

ISSUE PRICE CERTIFICATE

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

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

2. **Defined Terms.**

(a) "Issuer" means the Town of Bethany, Connecticut.

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

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2018

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]