

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 6, 2019

NEW MONEY ISSUE: Book-Entry-Only

RATING: See "Rating" herein.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code, and is not a specific preference item for purposes of computing the federal alternative minimum tax. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from 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 (See Appendix B, Form of Opinion of Bond Counsel and Tax Exemption).



Town of Wallingford, Connecticut

\$16,650,000

General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

**Due: Serially, March 1, 2020-2039
as detailed below:**

Interest on the Bonds will be payable on September 1, 2019 and semiannually thereafter on March 1 and September 1 in each year until maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC") New York, New York. The beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, redemption premium and interest payments on, the Bonds will be made by the Town, or its agent to DTC, or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. So long as Cede & Co. is the Bondholder, as nominee for DTC, reference herein to the Bond owner or owners shall mean Cede & Co., aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry-Only Transfer System" herein.)

The Bonds are subject to redemption prior to maturity as more fully described under "Optional Redemption" herein.

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2020	\$ 830,000	..%	..%	932508	2030	\$ 835,000	..%	..%	932508
2021	830,000	..%	..%	932508	2031	835,000	..%	..%	932508
2022	830,000	..%	..%	932508	2032	835,000	..%	..%	932508
2023	830,000	..%	..%	932508	2033	835,000	..%	..%	932508
2024	830,000	..%	..%	932508	2034	835,000	..%	..%	932508
2025	830,000	..%	..%	932508	2035	835,000	..%	..%	932508
2026	830,000	..%	..%	932508	2036	835,000	..%	..%	932508
2027	830,000	..%	..%	932508	2037	835,000	..%	..%	932508
2028	830,000	..%	..%	932508	2038	835,000	..%	..%	932508
2029	830,000	..%	..%	932508	2039	835,000	..%	..%	932508

Electronic bids only via PARITY® for the Bonds will be received until 11:30 A.M. (E.D.T.) on Wednesday, March 13, 2019, at Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460.

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC or its agent via "FAST" on or about March 27, 2019. The Registrar, Transfer Agent, Certifying Agent, and Paying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.



No broker, dealer or salesman or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized 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.

(The remainder of this page left blank intentionally)

Table of Contents

	Page		Page
Bond Issue Summary	1	IV. Tax Base Data	25
I. Bond Information	2	Property Tax	25
Introduction	2	Assessments	25
Municipal Advisor	2	Property Tax Collection Procedure	26
The Bonds	3	Comparative Assessed Valuations	26
Optional Redemption	3	Exempt Property	26
Authorization	3	Property Tax Levies and Collections	27
Uses of Proceeds	4	Ten Largest Taxpayers	27
Book-Entry-Only Transfer System	4	Equalized Net Grand List	27
DTC Practices	5	V. Debt Summary	28
Replacement Bonds	5	Principal Amount of Bonded Indebtedness	28
Security and Remedies	5	Short-Term Debt	28
Qualification for Financial Institutions	6	Other Obligations	28
Availability of Continuing Disclosure	6	Clean Water Fund Program	29
School Projects	7	Annual Bonded Debt Maturity Schedule - General Government	29
Ratings	7	Annual Bonded Debt Maturity Schedule - Enterprise Funds	30
Bond Insurance	7	Overlapping/Underlying Debt	30
II. The Issuer	8	Debt Statement	30
Description of the Municipality	8	Current Debt Ratios	31
Organization Chart	9	Bond Authorization	31
Description of Government	10	Maturities	31
Principal Municipal Officials	10	Temporary Financing	31
Municipal Services	11	Limitation of Indebtedness	32
Employee Relations and Collective Bargaining	14	Statement of Statutory Debt Limitation	32
Municipal Employees	14	Authorized but Unissued Debt	33
Employee Bargaining Groups	15	Principal Amount of Outstanding General Fund Debt.....	33
Educational System	16	Ratios of Net Long-Term Debt to Valuation,	
School Facilities	16	Population, and Income	34
School Enrollment	17	Ratio of Annual Long-Term General Fund Debt Service	
Economic Factors	17	Expenditures To Total General Fund Expenditures	34
Major Town Initiatives	19	VI. Financial Administration	35
III. Economic and Demographic Information	20	Fiscal Year	35
Population and Density	20	Basis of Accounting	35
Age Distribution of the Population	20	Budget Procedure	35
Income Distribution	20	Annual Audit	36
Income Levels	21	Pensions	36
Educational Attainment	21	Other Post-Employment Benefits.....	37
Employment by Industry	21	Investment Practices	37
Employment Data	22	Long Term Planning	37
Major Employers	22	Capital Improvement Plan	37
Building Permits	23	Planning for One-Time Revenue Distribution	38
Age Distribution of Housing	23	General Fund Revenues and Expenditures	39
Housing Inventory	23	Analysis of General Fund Equity	39
Owner Occupied Housing Values	24	Electric Enterprise Fund Revenues and Expenditures	40
Land Use Summary	24	Water Enterprise Fund Revenues and Expenditures	41
		Sewer Enterprise Fund Revenues and Expenditures	42
		VII. Legal and Other Information	43
		Litigation	43
		Transcript and Closing Documents	43
		Concluding Statement.....	44
		Appendix A - 2018 General Purpose Financial Statements	
		Appendix B - Form of Opinion of Bond Counsel and Tax Exemption	
		Appendix C - Form of Continuing Disclosure Agreement	
		Appendix D - Notice of Sale	

Bond Issue Summary

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

Date of Sale:	Wednesday, March 13, 2019 at 11:30 A.M. (E.D.T.)
Location of Sale:	The offices of Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut, 06460. Telephone: (203) 878-4945.
Issuer:	Town of Wallingford, Connecticut (the "Town").
Issue:	\$16,650,000 General Obligation Bonds, Issue of 2019 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Interest due September 1, 2019 and semiannually thereafter on March 1 and September 1 in each year until maturity.
Principal Due:	Principal due serially, March 1, 2020 through March 1, 2039 as detailed in this Official Statement.
Authorization and Purpose:	The proceeds of the Bonds will be used for various general purpose and school projects
Redemption:	The Bonds are subject to redemption prior to maturity, as herein provided.
Security and Remedies:	The Bonds will be general obligations of the Town of Wallingford, Connecticut, and the Town will pledge its full faith and credit to the payment of principal and interest on the Bonds when due.
Credit Rating:	Application for a rating on the Bonds has been made to Moody's Investors Service ("Moody's").
Bond Insurance:	The Town does not expect to direct purchase a credit enhancement facility.
Tax Exemption:	See "Tax Matters" herein. Appendix B attached hereto.
Bank Qualification:	The Bonds shall <u>NOT</u> 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 certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Legal Opinion:	Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut will act as Bond Counsel.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor.
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 March 27, 2019 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be directed to Mr. James M. Bowes, Comptroller, Town Hall, 45 South Main Street, Wallingford, Connecticut 06492. Telephone: (203) 294-2040 or Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone: (203) 878-4945.

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 Wallingford, Connecticut (the "Town"), in connection with the original issuance and sale of \$16,650,000 General Obligation Bonds, Issue of 2019 (the "Bonds") of the Town, and may not be reproduced or used in whole or in part for any other purpose.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. 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. 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.

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.

The Bonds are being offered for sale through public bidding. A Notice of Sale dated March 6, 2019 has been furnished to prospective bidders and is included herein as Appendix D for the Bonds. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

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

The independent auditors for the Town are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A – Financial Statements excerpted from the Town's 2018 Annual Financial Report), and they make no representation that they have independently verified the same. The Auditors have not been engaged nor performed audit procedures regarding the past audit period nor reviewed the Official Statement. The Auditors have not provided their written consent to use their Independent Auditors Report.

Bond Counsel is not passing on and does not assume any responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement, other than matters expressly set forth as its opinion, and makes no representation that they have independently verified the same.

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board. 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 with respect to the Bonds and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed in substantially the form of Appendix C to this Official Statement.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). 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.

The Bonds

The \$16,650,000 principal amount of the Bonds will mature on March 1 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum, payable on September 1, 2019 and semiannually thereafter on March 1 and September 1 in each year until maturity, as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of February and August in each year, or the preceding business day if such fifteenth day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof. See "Book-Entry-Only Transfer System".

Optional Redemption

Bonds maturing on or before March 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on March 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after March 1, 2025, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
March 1, 2025 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 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 Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

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

Authorization

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town and ordinances adopted by the Town.

Use of Proceeds

Project	Bonds Authorized	Bonds Issued	Amount Self- Funded	Grants	Notes Maturing: 3/27/2019	The Bonds ¹
North Farms Fire Station Building.....	\$ 4,625,000	\$ -	\$ 272,000	\$ -	\$ 4,285,000	\$ 4,285,000
School CIP Phase II.....	11,175,000	-	-	-	6,600,000	7,000,000
Town-Wide Radio Comm. System.....	6,205,000	-	-	-	-	5,000,000
33 North Cherry Street Purchase.....	610,000	-	47,000	-	-	365,000
Totals.....	\$ 22,615,000	\$ -	\$ 319,000	\$ -	\$ 10,885,000	\$16,650,000

¹ The Town may reallocate proceeds among its bond authorized projects to meet its capital cash flows needs.

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, interest, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

DTC Practices

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

Replacement Bonds

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

Security and Remedies

The Bonds will be general obligations of the Town 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 of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

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

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could 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 by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such chapter.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code 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 of Connecticut having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

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

Availability of Continuing Disclosure

The Town of Wallingford prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of the SEC Rule 15c2-12(b)(5) (the "Rule"), (i) annual financial information and operating data, (ii) timely notices of events with respect to the Bonds, and (iii) timely notice of failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The Underwriter's obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements.

School Projects

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

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

Rating

Application for a rating on the Bonds has been made to Moody's Investors Service (“Moody’s”). Such rating reflects only the views of such organization and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town’s bonds.

The Town may issue short-term or other debt for which a rating is not required. The Town’s Financial Advisor, Phoenix Advisors, recommends that all bonded debt be submitted for a credit rating.

The Town’s current outstanding rating is “Aaa” from Moody’s.

Bond Insurance

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

(The remainder of this page left blank intentionally)

II. The Issuer



Connecticut

Description of the Municipality

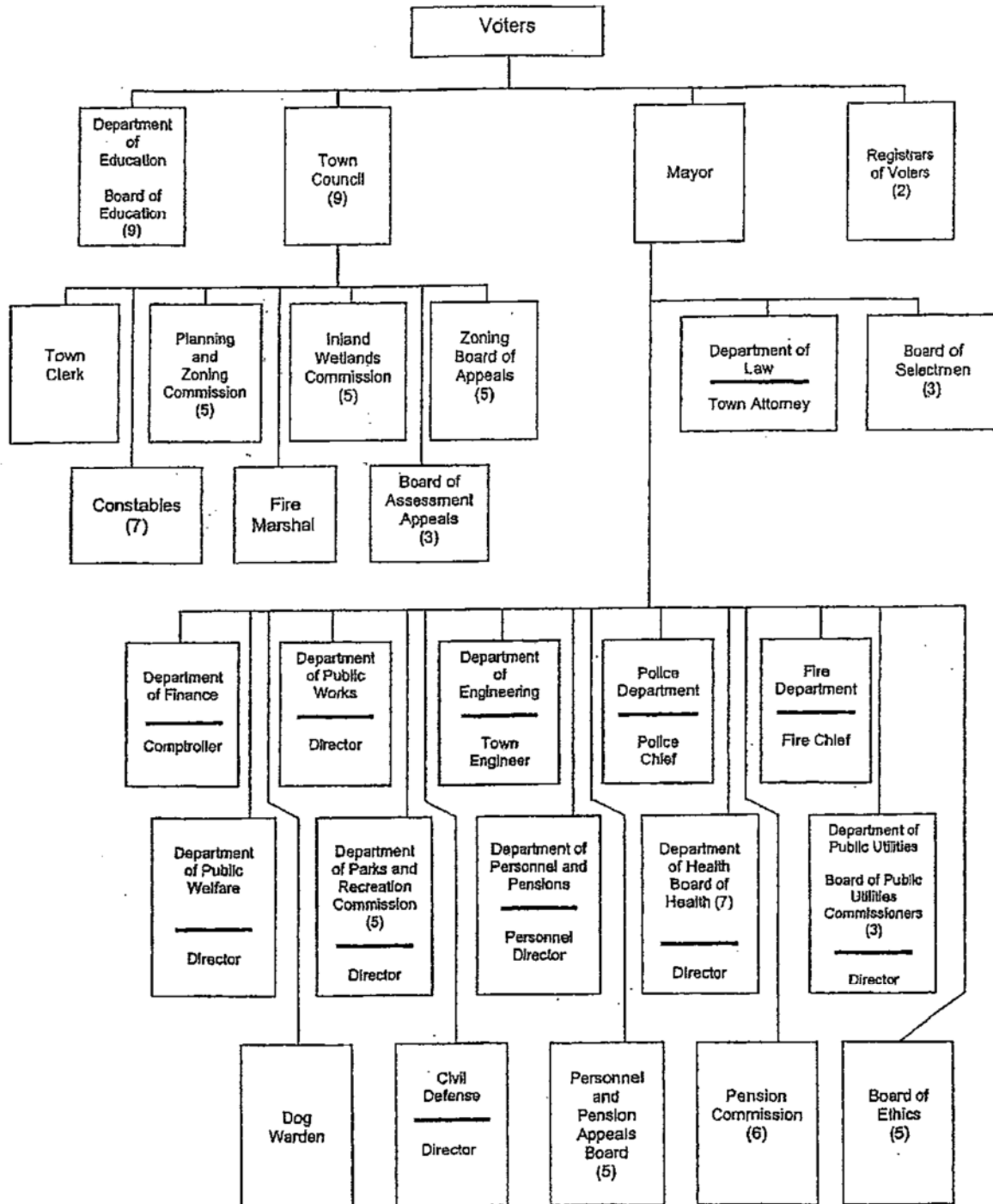
The Town of Wallingford covers an area of 39.8 square miles astride the Quinnipiac River in northern New Haven County. It is five miles south of Meriden and about thirteen miles north of New Haven. Situated along the Hartford-New Haven corridor, Wallingford is traversed, from north to south, by U.S. Highway 5, Interstate 91, and State Highway Number 15 (Wilbur Cross Parkway).

Wallingford was settled in 1638 and incorporated in 1670. A separate Borough of Wallingford was incorporated in 1853 but on June 3, 1957 the Borough and Town voted to consolidate effective January 1, 1958. The present Town Charter created the Mayor-Council form of government in 1962.

Passenger transportation is provided by Amtrak trains, and by local, and intrastate busses. Freight service is furnished by railroad and various motor common carriers. Air service is available at Tweed-New Haven Municipal Airport which is about thirteen miles south of Town and at Bradley International Airport which is approximately 40 miles north of Wallingford off Interstate 91. The Meriden Airport on the Wallingford/Meriden Town line is actively used for private, executive and corporate aircraft.

Currently, Wallingford is the 21st largest (population) community in Connecticut. The Town has diversified its commercial and industrial base over the past decade, attracting high-technology industries as compared to traditional heavy manufacturing. It is the home to a large variety of industries and major corporations spanning the spectrum of medical, health care, health insurance, service, hi-tech, specialty metal manufacturing, and research development. The development of the Barnes Industrial Park, Casimir Pulaski Industrial Park, Wharton Brook Industrial Park, MedWay Industrial Park and the South Turnpike Road area have greatly contributed to this transition. An Interchange Zone which permits very restrictive commercial development of office parks, research and development centers and hotels has been created at the intersection of Interstate 91 and Route 68.

ORGANIZATION CHART



Description of Government

Wallingford has a Mayor-Council form of government. The current charter was adopted in June of 1961 and amended in 1969, 1973, 1981 and 1989. The Town Council consists of nine members with minority representation guaranteed. Elections for the Mayor, Council, Board of Education and other Town elected officials are held in November of each odd numbered year for a term of two years. The Mayor is elected separately from the Council. The Council elects a Chairman who is the presiding officer. Councilors are compensated as set by the annual budget ordinance, but no member shall hold any other appointive office or employment under the Town government during his term of office. The term of all elected officials commences on the first Monday after the succeeding January 1st. The Mayor casts the deciding vote in the event of a tie vote when filling a vacancy on the Council.

The Mayor, in accordance with the Town Charter is the Chief Executive Officer of the Town. He is directly responsible for the administration of all departments, agencies, and offices; ensures that all laws and ordinances governing the Town are executed; attends all Council meetings; makes reports to the Council; submits the annual budget to the Council, keeps the Council fully advised as to the financial condition of the Town; and exercises other powers and duties as may be required by ordinance or resolution of the Council. The Council cannot diminish, by ordinance, vote or otherwise, the powers and duties of the Mayor, except those powers and duties imposed on him by the Council.

The legislative power of the Town is vested exclusively in the Council except as otherwise provided in the Charter. The Council has the power to enact, amend or repeal ordinances consistent with the Charter or the General Statutes and has at least one public hearing before any ordinance is passed except ordinances relating to appointments or designation of officers or to the Council or its procedures. The electors have the power to approve or reject at a referendum instituted by written petition, as provided in the Charter, any ordinance including an ordinance or other action appropriating or committing money, except a budget ordinance or resolution appointing or removing officials, transfers within an approved fiscal budget specifying the compensation or hours of work of officials and employees, authorizing the levy of taxes or fixing of the tax rate. The electors may initiate a referendum within 30 days after approval of any resolution or ordinance by filing with the Town Clerk a petition signed by at least 10% of the registered voters at the last municipal election requesting such resolution or ordinance be either repealed or submitted to a vote of the electors.

Principal Municipal Officials

Office	Name	Manner of Selection	Term of Office	Employment Last Five Years
Mayor.....	William W. Dickinson, Jr.	Elected	1/18-1/20	Mayor
Town Council Chairman.....	Vincent Cervoni	Elected	1/18-1/20	Attorney
Town Clerk.....	Barbara Thompson	Appointed	Indefinite	Town Clerk
Comptroller.....	James M. Bowes	Appointed	Indefinite	Comptroller
Assessor.....	Shelby Jackson, III	Appointed	Indefinite	Assessor
Tax Collector.....	Joanne Ruscsek	Appointed	Indefinite	Tax Collector
Superintendent of Schools....	Dr. Salvatore F. Menzo	Appointed	Contract ¹	Superintendent

¹ Contracted through June 30, 2021.

Source: Finance Director's Office, Town of Wallingford

Municipal Services

The Town provides a full range of municipal services including public safety (police, fire, emergency medical services), streets, health and social services, solid waste disposal, parks, recreation, libraries, planning and zoning, education, utilities (electric, water and sewer) and general administrative services.

Police: The Police Department is responsible for the preservation of public peace, prevention of crime, apprehension of criminals, regulation of traffic, and the protection of the rights of persons and property. The Department is headed by a Chief of Police and consists of a Deputy Chief, 69 full-time police officers and 24 support staff.

The former State Armory was converted to a new central police headquarters in 1985. The 911 emergency dispatch was relocated from the Fire Department to the Police Department as part of a \$1.6 million computer aided dispatch, radio communications, and record keeping upgrade in December 1999.

Fire: The Fire Department, consisting of regular full-time paid and volunteer divisions, is responsible for the protection of life and property within the Town from fire and for the enforcement of all laws, ordinances and regulations relating to fire prevention and fire safety. The Department is headed by a Fire Chief and consists of two Deputy Chiefs, 59 full-time firefighters, and 2 support staff. Four of the 59 firefighters work solely as paramedics to transport cases to various hospitals.

The Town has four volunteer fire stations, one in each geographic quadrant. There are approximately 60 active volunteers.

The Town also has a separate Fire Marshal's Department, comprised of a Fire Marshal, two Fire Inspectors and one support staff.

Planning and Zoning: The Town Council appoints a five-member Planning and Zoning Commission to direct the Department. The Department employs a full-time Town Planner and a full-time Assistant Town Planner. A Plan of Conservation and Development was adopted in 1984 and is updated every 10 years. An updated Plan was last approved in 2016.

Education: The Wallingford public school system provides quality education to approximately 6,000 students. The system is comprised of two high schools (grades nine through twelve), two middle schools (grades six through eight), four elementary schools of third through fifth grade and four elementary schools of Kindergarten through second grade. In addition, an alternative high school (ALTA) and a vocational agricultural program are offered to students.

Recreation: The Recreation Department is advised by a five-member commission appointed by the Mayor. The Department is managed by a full-time director who plans and administers a wide variety of year-round activities. There are over 2,170 acres available for parks, trails and recreational activities which include softball, football, little league, basketball, tennis, soccer, hockey, indoor and outdoor swimming, gym programs and a host of arts and crafts courses. The Town acquired real property on a parcel of land of 3.79 acres in 1997. The facility was renovated and converted to a Recreation Center.

Public Works: The Department of Public Works has supervision and control of parks, the maintenance of Town-owned structures, except structures under the control of the Board of Education, and the planning, surveying, constructing and reconstructing, paving and repairing, and maintaining of highways, sidewalks, curbs, drains and other public improvements. The Department is managed by a director and a foreman and consists of 45 full-time maintenance employees and two support staff.

Department of Law: The Department of Law is the legal advisor to and represents the Town and all of its agencies, officers, boards, and commissions in all legal matters. The department consists of a part-time Town Attorney and Assistant Town Attorney appointed by the Mayor, a full-time Corporation Counsel, and support staff. The Mayor may appoint additional attorneys as prescribed by the Charter.

Department of Human Resources: The Department of Human Resources is managed by a full-time director. The Department makes provisions for appointments, promotions, removal of all personnel in the classified service of the Town subject to provisions of the town charter, administers the Town and non-certified school employee pension system, and supervises the Town's risk management (insurance and Workers' Compensation) programs.

Solid Waste Services: The following summarizes certain provisions of the Town's solid waste service contract and related agreements. This summary is qualified in its entirety by reference to the documents themselves.

The Town and four other municipalities (Hamden, Meriden, Cheshire and North Haven) entered into a Municipal Solid Waste Delivery and Disposal Contract in December 2008 with Covanta Corporation to operate a mass-burn solid waste, resource recovery, steam and electric generation facility located in the Town (the "Facility") and various improvements and facilities related thereto.

Effective January 2015, the five member towns agreed to the conversion of the Covanta Wallingford waste-to-energy facility to a transfer station. The tip fee for residential waste was set at \$68/ton for calendar 2019. The fee is adjusted every January. Under the new Service Contract Agreement, the five member towns committed to an aggregate of 48,000 tons generated from within their boundaries. Wallingford receives a host community benefit of \$5/ton for all accepted waste at the facility, plus a PILOT payment based on the value of the property. The agreement runs through June 2030, at which time the five member towns may opt to purchase the facility at fair market value.

Department of Public Utilities: The Department of Public Utilities is responsible for the Electric, Water and Sewer divisions of the Town of Wallingford, under the jurisdiction of a Board of Public Utility Commissioners consisting of three members appointed by the Mayor and confirmed by the Town Council. A single Commissioner is appointed or reappointed on March 1 of each year. The Town Council has oversight of the actions of the board and may veto any action, except personnel appointments, by a positive act of seven or more affirmative votes within fifteen days of any due action. The Commissioners appoint a Director of Public Utilities who is responsible for the efficient and economical operation of the Department. The Town's Comptroller, by Charter, is the fiscal officer of the Utility Department.

Electric Division: The Electric Division, created in 1899, is operated by a General Manager and staff. The Division serves approximately 24,700 customers located primarily in the Town of Wallingford and the adjoining Northford section of the Town of North Branford. Operating revenues from sales of electricity for the Fiscal Year ended June 30, 2018 were approximately \$69.71 million. Base electric rates were increased by approximately 2% for fiscal year 2019.

In 2001, a 250 megawatt (mW) generating facility fueled by natural gas was constructed on the site of the former Alfred Pierce Generating Station. The Town of Wallingford originally leased the property to PPL (Pennsylvania Power and Light) Wallingford Energy. This project was completed and went commercial in late 2001. PPL Wallingford Energy also constructed a third 115 kV transmission line and rebuilt the East Street distribution substation into a ring bus configuration. This revised high-voltage substation provides increased reliability to Electric Division customers served by the East Street station. The project also provides that at least one generation unit will be available under "black start" conditions in order to provide emergency generation capacity to the East Street substation. The Electric Division received annual lease payments of \$550,000, which commenced in August 2001. PPL Wallingford Energy was responsible for the operation, marketing, and contracting for the output of energy produced by the facility. The Town also receives tax payments on the personal property at the plant. In addition to the lease and tax payments, the utilities receive revenues for the water, sewer, and electric services supplied to the plant.

PPL sold the facility to LS Power in 2014. LS Power continues to operate the facility in the same manner and under the same obligations of the original agreement. However, the annual lease payments to the Wallingford Electric Division (WED) increased to \$630,000 beginning in February 2015 and a payment in lieu of taxes of \$1.3 million annually for the existing assets plus \$600,000 per year for each additional turbine constructed at the facility will be paid to the Town. LS Power added two new turbine engines to the site in fiscal 2018 and these PILOT payments to the Town began in fiscal 2019. The "black start" provisions to the Town remain intact with LS Power.

Power Supply Agreements: In May 2013, the Town entered into the Energy Portfolio Management and Power Supply Consulting Service Agreement with Energy New England Inc. (ENE). Under the terms of this agreement, the WED operates as an ISO-New England Market Participant (which it became on October 1, 2013) and enters into contracts directly with counterparties for the purpose of hedging the risks associated with its wholesale power supply. ENE acts as the WED's agent in all matters related to the WED's power supply acquisition activities and assists the WED fulfill its obligations in the ISO-New England market. These changes were implemented and went into effect on January 1, 2014.

Prior to this change, the WED had been under contract (since 1995) with CMEEC for electric power procurement. ENE also manages for the WED, the forward energy that the Connecticut Municipal Electric Energy Cooperative (CMEEC) has procured on the WED's behalf.

The Wallingford Board of Public Utility Commissioners adopted an Energy Risk Management Policy and a Hedging Policy to govern these power procurement activities in 2013.

Water Division: The Water Division is supervised by the General Manager of Water and Sewer. The Division operates a filter plant and maintains four reservoirs with storage capacity of 1.9 billion gallons and three wells with production capacity of 2.7 million gallons daily. Average production is about 4.1 million gallons per day. There are approximately seven miles of raw water mains, 202 miles of finished water mains, 1,317 public hydrants, five booster stations and three raw water transfer stations. The Division serves over 14,100 customers and 478 fire line and hydrant customers. Revenues from the water use for Fiscal Year ended June 30, 2018 were approximately \$7.3 million. Water rates remained the same for fiscal year 2019.

Sewer Division: The Sewer Division is also supervised by the Water and Sewer Manager, and is responsible for treating domestic waste water. The Division serves approximately 13,500 customers, comprising approximately 90% of the residences in Wallingford. The sewage treatment plant is designed to treat an average maximum flow of eight million gallons per day. Revenues from sewer user fees for Fiscal Year ended June 30, 2015 were approximately \$6.5 million. Sewer rates remained the same for fiscal year 2019.

Over the last several years, the Sewer Division installed new pumping, pipe and other infrastructure to meet new standards established by the State of Connecticut Department of Environmental Protection for reducing nitrogen discharges from sewer effluent entering the Quinnipiac River and ultimately Long Island Sound. During Fiscal Year 2005-06, the Town received loan proceeds of \$2.0 million from the State of Connecticut under its Clean Water Program to offset these expenses. The loan carries an interest rate of 2% and is being repaid by the Sewer Division through fiscal 2021.

(The remainder of this page left blank intentionally)

Employee Relations and Collective Bargaining

Municipal Employees

<i>Department</i>	<i>Paid Positions</i>
General Government.....	40
Finance	28
Public Works.....	45
Engineering	5
Personnel & Pensions.....	7
Police.....	95
Fire.....	68
Public Utilities:	
Electric Division.....	64
Water Division.....	37
Sewer Division.....	29
Recreation.....	5
Other Services.....	-
<i>Total Government.....</i>	<i>423</i>
Teachers.....	585
Administration, Principals, Supervisory. Technical.....	40
Custodial, Maintenance, Clerical, Nurses.....	103
Para-professional.....	180
Other.....	66
<i>Total Education.....</i>	<i>974</i>

<i>Fiscal Year Ending</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
General Government.....	423	427	426	424	424
Board of Education.....	974	959	952	938	938
<i>Total.....</i>	<i>1,397</i>	<i>1,386</i>	<i>1,378</i>	<i>1,362</i>	<i>1,362</i>

Source: Town Officials

Employee Bargaining Groups

Bargaining Groups	Positions Covered¹	Current Contract Expiration Date
General Government		
Public Works, Clerical, Engineering - Local 1183 - Council #4 American Federation of State, County & Municipal Employees AFL-CIO.....	108	6/30/2018 ²
Police - The Wallingford Police Union Local #1570 and Council #15 AFSCME, AFL-CIO.....	72	6/30/2018 ²
Fire - Local #1326, International Association of Fire Fighters AFL-CIO.....	65	6/30/2019
Supervisory - Local #424, United Public Service Employees Union.....	28	12/31/2017 ³
Sub-Total.....	273	
Public Utility Commission		
Electric Production - Local #457, Int'l Brotherhood of Electrical Workers..	33	6/30/2018 ²
Electrical Clerical - Local #457, Int'l Brotherhood of Electrical Workers....	16	6/30/2018 ³
Water - Local #457, United Public Service Employees Union.....	26	6/30/2018 ³
Sewer, Clerical - Local 1183, Americal Federation of State, County & Municipal Employees.....	23	6/30/2018 ³
Supervisory - Local #424, United Public Service Employees Union.....	25	12/31/2017 ³
Sub-Total.....	123	
Board of Education Unions		
Teachers - Wallingford Education Association.....	587	8/31/2020
Custodial, Maintenance - Local #1303, Council #4, AFSCME, AFL-CIO.....	41	6/30/2018 ²
Clerical, Secretarial - Local #1303, Council #4, AFSCME, AFL-CIO.....	62	6/30/2021
School Cafeteria - Local #1303, Council #4, AFSCME, AFL-CIO.....	39	6/30/2020
Nurses - Connecticut Health Care Associates.....	14	6/30/2019 ²
Principals, Supervisors, Directors - Educational Administrators' Assn. of Wallingford.....	18	6/30/2019 ²
Supervisors - Local #26, United Public Service Employees Union.....	2	6/30/2021
Paraprofessionals - Connecticut Independent Labor Union.....	180	6/30/2021
Sub-Total.....	943	
Grand Total.....	1,339	

¹ Regular full and part time. Based on Full Time Equivalent (FTE).

² In negotiation.

³ In arbitration.

Source: Town of Wallingford

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

Educational System

The Board of Education, operating with the powers granted to it by Connecticut General Statutes, serves as the policy-making body for the Town's educational system, and provides overall control and management of the schools. The Wallingford School system (grades K-12) is a dependent unit of the Town of Wallingford.

The Town of Wallingford spent over \$73 million to renovate all schools in the mid-2000s (see School Facilities chart below), and approximately \$13 million for roof replacement at eleven schools in early-2010s approximately 49% reimbursed by State grants.

In addition, the Town has instituted a Capital Improvement Program to address on-going capital needs of the schools. Phase I was completed in 2016 for \$1.1 million, which was bonded. Phase II has been authorized for \$11.2 million and began in fiscal 2018, which is partly funded by this bond issue. This program addresses various system-wide capital improvements that are smaller in scale and being bundled for completion and financing over the next few years. These items are not eligible for State grant reimbursement.

School Facilities

School ¹	Grades	Date of Construction (Remodeling)	Number of Classrooms	10/1/2018 Enrollment ²	Rated Capacity ¹
Moses Y. Beach.....	K-2	1951, 1990, 2003	24	347	600
Highland.....	K-2	1958, 1970, 2005	24	324	525
Rock Hill.....	K-2	1959, 1971, 2005	21	304	525
Evert Stevens.....	K-2	1962, 1990, ² 2005	25	320	625
Cook Hill.....	3-5	1964, 1990, ² 1992, 2006	24	364	700
Pond Hill.....	3-5	1968, 1990, ² 2006	23	316	575
Parker Farms.....	3-5	1983, 1987, ³ 1990, ² 2006	25	269	500
Fritz (formerly Yalesville)...	3-5	1986, 1996, ⁴ 2006	40	322	975
James Moran.....	6-8	1961, 1995, 1997, 2005	62	584	1,000
Dag Hammeraskjold....	6-8	1962, 1982, 1995, 1997, 2006	46	682	1,000
Lyman Hall.....	9-12	1957, 1960, 1968, 1980, 1992, 1998, 2006	74	1,092	1,400
Mark T. Sheehan.....	9-12	1971, 1991, 2005	60	820	1,100
Total.....			448	5,744	9,525

¹ All of Wallingford's schools are constructed of steel, brick and concrete.

² Portable classrooms added to existing facility.

³ Facility closed in 1983 and re-opened in 1987 following renovations.

⁴ Facility closed in 1986, renovated, expanded and reopened in September 1996.

Source: Wallingford Board of Education.

(The remainder of this page left blank intentionally)

School Enrollment

School Year	K-5	6-8	9-12	Special Education¹	Total
Historical					
2008-09	2,969	1,554	2,155	85	6,678
2009-10	2,896	1,539	2,160	85	6,595
2010-11	2,835	1,527	2,096	79	6,458
2011-12	2,746	1,489	2,058	80	6,293
2012-13	2,818	1,389	2,063	80	6,270
2013-14	2,683	1,385	2,006	85	6,074
2014-15	2,742	1,380	1,998	85	6,120
2015-16	2,428	1,437	1,958	85	5,823
2016-17	2,577	1,403	1,891	76	5,871
2017-18	2,584	1,348	1,903	66	5,835
2018-19	2,566	1,266	1,912	74	5,744
Projected					
2019-20	2,312	1,210	1,896	77	5,418
2020-21	2,265	1,253	1,837	75	5,355
2021-22	2,284	1,205	1,793	75	5,282
2022-23	2,496	1,185	1,687	85	5,368
2023-24	2,527	1,141	1,661	85	5,329

¹ Not included in Totals.

Source: Wallingford Board of Education.

Economic Factors

Wallingford's overall economy, as evidenced by Grand List growth, real estate values and unemployment data, has shown modest improvement over the last few years, even as the economy of the State of Connecticut has lagged the growth experienced in many areas throughout the nation.

The Grand List of October 1, 2018, a summary of all taxable real estate, motor vehicles and business property in Town, increased by 1.19% from the previous year. This is the largest increase in the last decade, lead by additions of taxable business property from new industrial and commercial accounts. Review of residential property sales shows prices exceeding values of the last revaluation in 2015. The next revaluation will be conducted for the October 1, 2020 Grand List.

In addition the Town's unemployment rate has improved significantly, from 4.4% at June 30, 2017 to 4% at June 30, 2018 to 2.8% at December 31, 2018 (per State of Connecticut Department of Labor Office of Research).

A primary goal of the Town of Wallingford is to maintain and expand a diversified industrial and commercial tax base. The Town heavily promotes its five office and industrial parks and the Interchange Zone. The office and industrial parks primarily house small to mid-sized manufacturers in a wide array of industries. The Interchange Zone, approximately 362 acres located at the intersection of Interstate 91 and State Route 68, is zoned for development of office parks, research and development centers and hotels. The Town also utilizes a tax incentive program to attract new businesses into these areas. This program abates 20% of real estate taxes for seven years for companies that relocate to these areas and construct at least 60,000 square feet of new facilities costing \$12 million or more.

**Total Real Estate Assessments and Taxes Generated for Each Industrial Park
Based on the October 1, 2018 Grand List**

	Net Real Estate Assessment	Net Personal Prop. Assessment	Total	Taxes At 28.64 mills (Pro forma)	Acreage	Approximate Number of Businesses
North Plains	\$ 63,190,400	\$ 20,218,600	\$ 83,409,000	\$ 2,388,834	268	278
Barnes	91,865,300	52,174,900	144,040,200	4,125,311	477	113
Med-Way	75,329,400	17,066,600	92,396,000	2,646,221	484	34
Interchange	78,005,100	18,211,300	96,216,400	2,755,638	356	39
Centract	16,225,600	6,992,500	23,218,100	664,966	54	15

Source: Assessor's office 10/1/2018 Grand List.

The following summarizes the recent major results of these economic development efforts:

- Infra-Metals Inc. constructed a 43,560 square foot addition to its facility, adding over \$2 million to the Grand List.
- Hilton Garden Inn completed construction of a 139 room hotel that had been abandoned by a previous developer, adding \$12 million of value to the Grand List.
- GKN Aerospace opened a new 70,000 square foot aerospace component manufacturing facility on Research Parkway.
- Hobson & Motzer built a new 47,000 square foot metal stamping facility in Barnes Industrial Park.
- Wallingford COS LLC built a 22,000 square foot medical office building on North Colony Road, adding \$3.1 million value to the Grand List.
- IAMTHE WALRUS LLC built a 19,000 square foot facility retail facility, which houses Tractor Supply Store, adding \$2.4 million to the Grand List.
- 1070 North Farms Rd LLC began construction of an 80,500 square foot warehouse on Northrop Industrial Park Road West, adding \$3.1 million of assessed value to the Grand List.
- Amazon completed retrofitting an existing 200,000 square foot facility for use as a redistribution center, employing over 400 people.

In June of 2015, Bristol Myers Squibb (BMS) announced plans to close their Wallingford Research and Development facility. This was a strategic decision by BMS to cease operations in virology and focus on immunology. The Wallingford site housed the virology research function and the administrative, clinical trial and compliance functions as well. In what has been a gradual withdrawal, approximately half of the employees at the Wallingford site were relocated to their immunology site in Cambridge, Massachusetts and the remaining half to their site in Princeton, New Jersey. BMS closed the site and ceased operations in December 2018 after selling the facility to Calare Properties of Hudson, Massachusetts. At this time, it is not known what Calare plans to do with the 700,000 square foot facility, which sits on a 181 acre parcel. The Town prepared for this by writing down the value of BMS property and taxable business assets on the Grand List over the last four years to ease the tax loss over time and keeping expenditure budgets to small increases.

State Route 5 is a large retail and commercial hub. Economic activity along this major artery remains quite solid, as chains such as CVS Pharmacy, Panera Restaurants and Chipolte Restaurants have recently opened establishments. In addition, Ion Bank and TD Bank constructed new facilities recently here as well.

At current date, there are five active residential subdivisions at various stages of completion, consisting of 35 single family houses, ranging from 2,000 to 3,450 square feet within the price range of \$300,000 to \$540,000.

In another development which is expected to have a beneficial economic impact on downtown businesses, Amtrak recently completed updating its rail service by adding a second set of tracks and constructing a new train station and parking lot in the downtown area. Davenport Associates/665 Foxon Road LLC, in attempting to capitalize on the Town's downtown transit-oriented initiatives, began construction of a 319 unit apartment complex on Parker Place. These one bedroom and studio style apartments are being built in a reconstructed commercial building, which has added over \$14 million of value to the Grand List

Employment diversification is demonstrated by Wallingford's major employers. The top fifteen employers include such areas as health insurance, cellular communications, mail processing and distribution, private hospitals,

plastics and resin manufacturing, financial services, dental products manufacturing, diagnostic laboratories, retailers, aerospace component manufacturers, defense contractors, internet technology and a world-renowned private school.

Wallingford continues to have available, attractive residential land for new home sites. After a lull in residential construction due to the national recession in the late 2000s and early 2010s, activity has increased, as mentioned above. New home prices range in value from \$200,000 to \$600,000. All infrastructure improvements, including roads, sidewalks, storm drainage, and municipal water and sanitary sewers (where available) are installed per Town regulations at the developer's expense. The Town has adopted the State Uniform building code with modifications and employs fulltime building, plumbing, electrical and sanitary inspectors to enforce code requirements.

Major Town Initiatives

The Town authorized \$6.2 million for a town-wide communication radio upgrade project, including hardware, software and related infrastructure to integrate communication between public safety, public works and other functions. The cost of this project, which was started during fiscal 2018, is included with this bond issue.

The Town completed the projects included in Phase I of the Education System-Wide Capital Improvement Program, and has authorized \$11.2 million for Phase II projects, which are included with this bond issue. These projects include boiler replacement, HVAC replacement, window replacement and small renovation projects.

The Town Council spent \$335,000 for the purchase of a 2.64 acre parcel of property at 75 Tyler Mill Road, and demolition of an existing residential dwelling on the parcel. This land is contiguous to surrounding open space acreage that the Town has purchased over the last two decades. The Town will maintain this parcel as open space/passive recreation.

The Town completed, for approximately \$900,000, improving, replacing and reconstructing portions of tanks and drainage systems to eliminate infiltration of ground and rain water into water storage tanks at the Pistapaug Water Treatment Plant. The Water Division budget will pay back the bonds sold for this project.

The Town completed construction of the new North Farms Fire Station in the northeast section of town. The Town is selling bonds within this issue to permanently finance the project costs.

In order to meet increasing demand for paramedic service, the Town added four new paramedics, another ambulance and another eight hour operating shift to its existing ambulance/emergency transport service.

The Town purchased the parcel of property at 33 North Cherry Street for \$411,000 and plans to demolish the existing restaurant and possibly provide additional parking for downtown businesses.

(The remainder of this page left blank intentionally)

III. Economic and Demographic Information

Population and Density

Year	Actual Population¹	% Increase	Density³
2017 ²	44,989	-0.3%	1,130
2010	45,135	4.9%	1,134
2000	43,026	5.4%	1,081
1990	40,822	9.5%	1,026
1980	37,274	4.4%	937
1970	35,714	19.4%	897
1960	29,920	--	752

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

² American Community Survey, 2013-2017

³ Per square mile: 39.8 square miles.

Age Distribution of the Population

Age	Town of Wallingford		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years.....	1,800	4.0%	188,812	5.3%
5 to 9 years.....	1,801	4.0%	210,557	5.9%
10 to 14 years.....	2,113	4.7%	228,543	6.4%
15 to 19 years.....	3,264	7.3%	252,522	7.0%
20 to 24 years.....	2,157	4.8%	242,007	6.7%
25 to 34 years.....	5,268	11.7%	438,471	12.2%
35 to 44 years.....	5,709	12.7%	439,606	12.3%
45 to 54 years.....	7,295	16.2%	545,977	15.2%
55 to 59 years.....	3,939	8.8%	263,778	7.4%
60 to 64 years.....	3,068	6.8%	223,274	6.2%
65 to 74 years.....	4,328	9.6%	303,959	8.5%
75 to 84 years.....	2,489	5.5%	163,137	4.5%
85 years and over.....	1,758	3.9%	87,927	2.5%
Total.....	44,989	100.0%	3,588,570	100.0%

Source: American Community Survey, 2013-2017

Income Distribution

Income	Town of Wallingford		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	202	1.7%	29,623	3.3%
10,000 - 14,999.....	126	1.1%	17,060	1.9%
15,000 - 24,999.....	202	1.7%	44,354	5.0%
25,000 - 34,999.....	583	5.0%	54,456	6.1%
35,000 - 49,999.....	939	8.1%	81,300	9.1%
50,000 - 74,999.....	2,051	17.6%	137,336	15.4%
75,000 - 99,999.....	1,813	15.6%	124,033	13.9%
100,000 - 149,999.....	3,177	27.3%	186,214	20.8%
150,000 - 199,999.....	1,580	13.6%	96,075	10.7%
200,000 and over.....	985	8.4%	123,962	13.9%
Total.....	11,658	100.0%	894,413	100.0%

Source: American Community Survey, 2013-2017

Income Levels

	Town of Wallingford	State of Connecticut
Per Capita Income, 2017.....	\$38,989	\$39,906
Per Capita Income, 2010	\$33,839	\$36,775
Median Family Income, 2017.....	\$98,805	\$91,274
Median Family Income, 2010.....	\$87,641	\$84,170
Percent Below Poverty Level 2017	4.00%	10.40%

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

Source: American Community Survey, 2013-2017

Educational Attainment Persons 25 Years and Older

	Town of Wallingford		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	986	2.9%	103,279	4.2%
9th to 12th grade.....	1,545	4.6%	139,653	5.7%
High School graduate.....	10,659	31.5%	673,220	27.3%
Some college, no degree.....	5,006	14.8%	427,232	17.3%
Associate's degree	3,385	10.0%	184,426	7.5%
Bachelor's degree.....	7,498	22.1%	524,370	21.3%
Graduate or professional degree.....	4,775	14.1%	413,949	16.8%
Total.....	33,854	100.0%	2,466,129	100.0%
Total high school graduate or higher (%).....		92.5%		90.1%
Total bachelor's degree or higher (%).....		36.3%		38.0%

Source: American Community Survey, 2013-2017

Employment by Industry

Industry	Town of Wallingford		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining	101	0.4%	7,209	0.4%
Construction	1,444	5.9%	101,497	5.7%
Manufacturing	2,947	11.9%	190,713	10.6%
Wholesale trade	646	2.6%	45,110	2.5%
Retail trade	2,821	11.4%	193,853	10.8%
Transportation and warehousing, and utilities	958	3.9%	66,516	3.7%
Information	657	2.7%	42,374	2.4%
Finance, insurance, real estate, rental & leasing	1,955	7.9%	163,765	9.1%
Professional, scientific, management, administrative, and waste mgmt services	2,921	11.8%	206,042	11.5%
Education, health and social services	6,952	28.2%	474,976	26.5%
Arts, entertainment, recreation, accommodation and food services	1,603	6.5%	153,754	8.6%
Other services (except public administration)	1,041	4.2%	81,588	4.5%
Public Administration	620	2.5%	66,291	3.7%
Total Labor Force, Employed	24,666	100.0%	1,793,688	100.0%

Source: American Community Survey, 2013-2017

Employment Data ¹
By Place of Residence

Period	Town of Wallingford		Percentage Unemployed		
	Employed	Unemployed	Town of Wallingford	New Haven Labor Market	State of Connecticut
December 2018....	25,886	737	2.8	3.1	3.2
Annual Average					
2018.....	25,456	953	3.6	4.1	4.2
2017.....	25,425	1,066	4.0	4.7	4.7
2016.....	24,996	1,190	4.5	5.3	5.3
2015.....	25,087	1,268	4.8	5.7	5.6
2014.....	23,949	1,574	6.2	6.9	6.7
2013.....	23,341	1,813	7.2	8.1	7.9
2012.....	23,633	1,964	7.7	8.7	8.3
2011.....	23,569	2,057	8.0	9.3	8.8
2010.....	23,801	2,156	8.3	9.2	9.0
2009.....	23,827	1,923	7.5	8.2	8.2

¹ Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

Major Employers
As of February 2019

Employer	Business	Number of Employees
Town of Wallingford.....	Municipality	1,351
Anthem BC/BS (Wellpoint).....	Health Insurer	1,260
Masonic Health Care Center.....	Hospital	973
Gaylord Hospital.....	Medical & Rehabilitation Facility	650
Community Health Network of CT.....	Nonprofit Managed Care	468
Choate Rosemary Hall.....	Private School	335
Fosdick Fulfillment Corp.....	Shipping/Distribution Center	218
United Concrete Inc.	Manufacturer - Concrete Products	210
Thurston Foods	Wholesale Food Distributor	208
Ulbrich Stainless Steels & Specialty Metals...	Manufacturer - Steel	199

Source: Town of Wallingford.

(The remainder of this page left blank intentionally)

Building Permits

<i>Fiscal Year Ending 6/30</i>	<i>Single Family</i>		<i>Apartments</i>		<i>Commerical/Indust.</i>		<i>Other</i>		<i>All Categories</i>	
	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>
2018	31	\$ 5,844	39	\$ 3,305	17	\$ 6,889	2,131	\$ 37,185	2,218	\$ 53,223
2017	51	7,354	15	1,414	16	6,145	2,195	17,111	2,277	32,024
2016	48	7,188	13	1,044	9	3,458	2,055	16,454	2,125	28,144
2015	30	5,944	-	-	4	5,410	884	17,110	918	28,464
2014	22	5,411	-	-	6	6,851	564	12,414	592	24,676
2013	40	5,568	-	-	2	10,337	548	11,318	590	27,223
2012	34	4,690	9	845	8	3,268	613	16,159	664	24,962
2011	35	4,978	4	433	10	10,446	507	15,897	556	31,754
2010	33	4,293	40	3,130	5	2,606	492	12,384	570	22,413
2009	19	2,602	14	1,035	3	1,175	534	35,867	570	40,679

Source: Building Department, Town of Wallingford.

Age Distribution of Housing

<i>Year Built</i>	<i>Town of Wallingford</i>		<i>State of Connecticut</i>	
	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>
2010 or Later	156	0.8%	334,202	22.4%
2000 to 2010	1,487	7.6%	533,202	35.7%
1990 to 1999	1,841	9.4%	200,614	13.4%
1980 to 1989	3,348	17.1%	190,755	12.8%
1970 to 1979	2,156	11.0%	113,584	7.6%
1940 to 1969	6,887	35.2%	104,308	7.0%
1939 or earlier	3,669	18.8%	17,133	1.1%
Total.....	19,544	100.0%	1,493,798	100.0%
Percent Owner Occupied.....	74.0%		66.5%	

Source: American Community Survey, 2013-2017

Housing Inventory

<i>Type</i>	<i>Town of Wallingford</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1-unit, detached.....	12,117	62.0%	882,236	59.1%
1-unit, attached.....	1,223	6.3%	80,639	5.4%
2 units.....	1,456	7.4%	123,152	8.2%
3 or 4 units.....	1,522	7.8%	130,686	8.7%
5 to 9 units.....	821	4.2%	82,581	5.5%
10 to 19 units.....	633	3.2%	56,858	3.8%
20 or more units.....	1,565	8.0%	125,758	8.4%
Mobile home.....	207	1.1%	11,534	0.8%
Boat, RV, van, etc.....	-	-	354	-
Total.....	19,544	100.0%	1,493,798	100.0%

Source: American Community Survey, 2013-2017

Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Wallingford		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	330	2.5%	24,343	2.7%
\$50,000 to \$99,000.....	425	3.2%	29,703	3.3%
\$100,000 to \$149,999.....	411	3.1%	81,158	9.0%
\$150,000 to \$199,000.....	2,003	15.1%	139,979	15.5%
\$200,000 to \$299,999.....	5,209	39.3%	246,071	27.3%
\$300,000 to \$499,999.....	4,019	30.3%	233,345	25.9%
\$500,000 to \$999,999.....	757	5.7%	104,952	11.7%
\$1,000,000 or more.....	94	0.7%	40,672	4.5%
Total.....	13,248	100.0%	900,223	100.0%
Median Sales Price.....	\$264,800		\$269,300	

Source: American Community Survey, 2013-2017

Land Use Summary

Land Use Category	Town Area 24,920 Acres	
	Number of Acres	% of Total
Residential		
R - 6-18.....	7,240	
RM - 6-40.....	510	
Rural - 40-120.....	13,074	
HOD.....	28	
Sub-Total.....	20,852	81.4%
Business/Commercial		
LB - 11.....	71	
CA - 6-40.....	143	
CB - 12-40.....	359	
DD - 40.....	133	
RF - 40.....	350	
Sub-Total.....	1,056	4.1%
Industrial		
I-5.....	364	
I - 20-40.....	1,537	
IX - Industrial Expansion.....	1,823	
Sub-Total.....	3,724	14.5%
TOTAL TOWN ACREAGE.....	25,632	100.0%

Source: Planning Department, Town of Wallingford; "POCD 2016": June 13, 2016.

(The remainder of this page left blank intentionally)

IV. Tax Base Data

Property Tax Assessments

The Town of Wallingford had a general property revaluation by physical inspection effective October 1, 2015, which went into effect for the fiscal year 2016-2017. The next revaluation is scheduled for October 1, 2020. Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on 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, taxable personal property, and motor vehicles located within the Town as of October 1. Assessments are computed at seventy percent (70%) of the market value at the time of last revaluation. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court.

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

Motor Vehicles. Section 12-71e of the General Statutes allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 39.00 mills for the 2016 assessment year (fiscal year beginning July 1, 2017 and ending June 30, 2018) or (2) 45 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l of the Connecticut General Statutes establishes the municipal revenue sharing account which provides that sales tax revenue diverted to the fund shall mitigate the revenue loss attributed to the motor vehicle property tax cap. Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

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

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 4% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town Council enacted the use of this abatement provision on January 1, 2009.

Public Act No. 06-176 permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest. The Town has enacted the elderly property tax freeze.

Property Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1 and January 1. Real estate and personal property taxes of less than \$50 are due in full in July. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Payments not received by August 1 and February 1 become delinquent, with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property (%)	Commercial Real Property (%)	Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
2018	63.9	14.0	6.5	6.8	8.8	\$ 4,419,931,528	\$ 180,580,299	\$ 4,239,351,229	1.15
2017	64.3	13.8	6.5	6.8	8.6	4,427,035,035	236,079,345	4,190,955,690	(0.64)
2016	64.1	13.4	7.6	6.4	8.5	4,464,208,573	246,432,920	4,217,775,653	0.33
2015 ¹	63.7	13.6	7.9	6.5	8.3	4,447,362,022	243,665,415	4,203,696,607	(1.53)
2014	63.8	12.7	7.9	7.6	8.0	4,491,639,494	222,613,006	4,269,026,488	0.43
2013	63.9	12.6	7.8	7.8	7.9	4,444,605,035	194,022,870	4,250,582,165	0.80
2012	64.2	12.7	7.8	7.6	7.7	4,398,223,525	181,170,740	4,217,052,785	0.82
2011	64.1	12.7	7.8	7.4	7.9	4,354,657,729	171,872,119	4,182,785,610	0.33
2010 ¹	64.2	12.4	7.9	8.1	7.4	4,326,224,939	157,154,309	4,169,070,630	(3.15)
2009	65.1	14.2	6.5	7.3	6.9	4,453,039,274	148,450,198	4,304,589,076	--

¹ Revaluation years.

Source: Assessor's Office, Town of Wallingford.

Exempt Property

The following categories of exempt properties are not included in the net taxable Grand List:

	Assessed Value ¹
Public	
State of Connecticut.....	\$ 11,000,200
Town of Wallingford.....	165,744,000
United States of America.....	11,654,785
Other Public.....	235,000
Sub-Total Public.....	\$ 188,633,985
Private	
Private Hospitals and Colleges.....	\$ 111,300,050
Scientific, Educational, Historical & Charitable.....	130,144,000
Houses of Worship & Cemeteries.....	13,887,458
Veteran's Organizations.....	255,000
Sub-Total Private.....	255,586,508
Total Exempt Property.....	\$ 444,220,493
Percent Compared to Net Taxable Grand List.....	10.48%

¹ Based on October 1, 2018 Net Taxable Grand List of \$4,239,351,229.

Source: Assessor's Office, Town of Wallingford.

Property Tax Levies and Collections

(in thousands)

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2018
2017	2019	\$ 4,190,956	28.64	\$121,319	<i>IN COLLECTION</i>		
2016	2018	4,217,776	28.55	120,824	98.6%	1.4%	1.4%
2015	2017	4,203,697	27.89	118,055	98.5%	1.5%	0.9%
2014	2016	4,269,026	27.47	117,270	98.6%	1.4%	0.5%
2013	2015	4,250,582	26.89	114,298	98.6%	1.4%	0.4%
2012	2014	4,217,053	26.22	111,148	98.3%	1.7%	0.3%
2011	2013	4,182,786	25.98	109,079	98.1%	1.9%	0.2%
2010 ¹	2012	4,169,071	25.22	105,608	98.2%	1.8%	0.3%
2009	2011	4,304,589	24.08	103,940	98.3%	1.7%	0.2%
2008	2010	4,304,579	23.20	100,193	98.2%	1.9%	0.3%

¹ Revaluation.

Sources: Tax Collector's Office, Town of Wallingford

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Five Research Pkwy Walling. LLC. ²	Pharmaceutical Research & Dev.	\$ 32,200,000	0.76%
Leigus Tei Equities I LLC	Real Estate	30,245,300	0.71%
Eversource (formerly CL&P).....	Public Power Utility	28,318,330	0.67%
Cellco Partnership Verizon Wireless	Communications	26,530,580	0.63%
Eversource (formerly Yankee Gas).....	Public Gas Utility	25,591,170	0.60%
Masonic Healthcare Center	Retirement Community	22,128,260	0.52%
BYK USA Inc.	Manufacturer	18,465,490	0.44%
WalMart Stores & Real Estate Holdings..	Retail	15,476,710	0.37%
Infinity Route 5 Ltd Partnership.....	Auto Dealership	15,400,000	0.36%
665 Foxon Rd LLC.....	Real Estate	14,781,000	0.35%
Total.....		\$229,136,840	5.40%

¹ Based on October 1, 2018 Net Taxable Grand List of \$4,239,351,229.

² Formerly Bristol Myers Squibb. Now Owned by Calare Properties. See "Economic Factors" herein regarding Bristol-Myers Squibb Company relocation from Wallingford.

Source: Assessor's Office, Town of Wallingford

Equalized Net Grand List

Grand List of 10/1	Equalized Net Grand List	% Growth
2016	\$ 6,207,709,482	3.25
2015	6,012,104,553	(2.95)
2014	6,194,564,722	3.09
2013	6,009,145,362	(1.09)
2012	6,075,318,040	2.82
2011	5,908,424,628	(0.85)
2010	5,959,102,100	(10.32)
2009	6,644,907,046	(1.86)
2008	6,770,743,132	(5.64)
2007	7,175,703,679	--

Source: State of Connecticut Office of Policy and Management.

V. Debt Summary
Principal Amount of Bonded Indebtedness ^{1,2}
As of March 27, 2019
(Pro-Forma)

Long-Term Debt			Amount of	Outstanding	Fiscal
Date	Purpose	Rate %	Original	After	Year of
			Issue	This Issue ¹	Maturity
<u>TOWN GOVERNMENT BONDS</u>					
<u>General Purpose</u>					
03/15/07	Public Improvements	3.80 - 4.00	\$ 9,900,000	\$ 3,150,000	2016
06/01/08	Public Improvements	3.25 - 5.00	4,500,000	1,500,000	2016
09/16/15	Public Improvements (Refunding)	2.00 - 5.00	6,424,000	4,030,000	2027
10/15/15	Public Improvements	2.00 - 4.00	305,000	120,000	2021
03/27/19	Public Improvements (this issue).....	<i>tbd</i>	9,650,000	9,650,000	2023
Sub-Total Public Improvements.....			\$ 30,779,000	\$ 18,450,000	
<u>Schools</u>					
03/15/07	School Improvements	3.80 - 4.00	5,100,000	2,100,000	2016
06/01/08	School Improvements	3.25 - 5.00	4,500,000	1,500,000	2016
05/15/11	School Improvements	1.75 - 3.75	1,440,000	445,000	2021
03/25/12	School Improvements (Refunding).....	2.00 - 4.00	15,190,000	7,785,000	2025
09/16/15	School Improvements (Refunding)	2.00 - 5.00	4,606,000	3,055,000	2027
10/15/15	School Improvements	2.00 - 4.00	10,320,000	8,655,000	2036
03/27/19	School Improvements (this issue).....	<i>tbd</i>	7,000,000	7,000,000	2038
Sub-Total Schools.....			\$ 48,156,000	\$ 30,540,000	
Total Town Government Bonds.....			\$ 78,935,000	\$ 48,990,000	
<u>ENTERPRISE BONDS</u> ²					
<u>Water</u>					
03/01/09	Water Refunding	2.50 - 5.00	1,550,000	150,000	2019
05/15/11	Water.....	1.75 - 3.75	2,820,000	2,025,000	2031
10/15/15	Water.....	2.00 - 4.00	680,000	470,000	2026
Sub-Total Water.....			\$ 5,050,000	\$ 2,645,000	
<u>Sewer</u>					
08/11/05	Sewer Permanent Loan Obligation	2.00	1,997,000	635,109	2026
Sub-Total Sewers.....			\$ 1,997,000	\$ 635,109	
Total Enterprise Bonds.....			\$ 7,047,000	\$ 3,280,109	
Total Long Term Debt.....			\$ 85,982,000	\$ 52,270,109	

¹ Excluded bonds that have been refunded.

² Self-supporting debt. The Water and Sewer Bonds are supported by the Enterprise Funds.

Short-Term Debt

As of the date of this issue, the Town has no outstanding short term debt.

Other Obligations

The Town of Wallingford has no other obligations.

Clean Water Fund Program

On August 11, 2005, the Town received loan proceeds of \$1.996 million from the State of Connecticut under the Clean Water Fund Program for the Town's sewage treatment plant denitrofication project. The State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) provides financial assistance through a combination of grants and loans bearing interest at the rate of 2% per annum.

All participating municipalities receive funding for eligible expenses of 20% grant and 80% loan, except for combined sewer overflow projects (50% grant and 50% loan) and denitrofication projects (30% grant and 70% loan). Loans to each municipality are made pursuant to a Project Loan and Grant Agreement. During construction the municipality enters into a short-term borrowing agreement with the State called an Interim Funding Obligation ("IFO") from which it pays project costs as needed. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Upon project completion a 20-year debt obligation called a Project Loan Obligation ("PLO") is issued to the State. The municipal obligations issued to the State are secured by the full faith and credit of the municipality and/or dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Annual Bonded Debt Maturity Schedule ¹ **As of March 27, 2019** **(Pro-Forma)**

General Government

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	This Issue		Total Principal	Cumulative Principal Retired %
				General Purpose	Schools		
2019 ¹	\$ 750,000	\$ 183,025	\$ 933,025	\$ -	\$ -	\$ 750,000	1.53%
2020	4,855,000	1,138,350	5,993,350	480,000	350,000	5,685,000	13.14%
2021	4,850,000	954,463	5,804,463	480,000	350,000	5,680,000	24.73%
2022	4,635,000	771,425	5,406,425	480,000	350,000	5,465,000	35.88%
2023	4,200,000	578,688	4,778,688	480,000	350,000	5,030,000	46.15%
2024	3,035,000	407,925	3,442,925	480,000	350,000	3,865,000	54.04%
2025	2,540,000	289,600	2,829,600	480,000	350,000	3,370,000	60.92%
2026	1,650,000	213,150	1,863,150	480,000	350,000	2,480,000	65.98%
2027	1,595,000	163,400	1,758,400	480,000	350,000	2,425,000	70.93%
2028	550,000	114,863	664,863	480,000	350,000	1,380,000	73.75%
2029	460,000	102,925	562,925	480,000	350,000	1,290,000	76.38%
2030	460,000	90,275	550,275	485,000	350,000	1,295,000	79.03%
2031	460,000	76,475	536,475	485,000	350,000	1,295,000	81.67%
2032	460,000	62,675	522,675	485,000	350,000	1,295,000	84.31%
2033	460,000	48,875	508,875	485,000	350,000	1,295,000	86.96%
2034	460,000	35,075	495,075	485,000	350,000	1,295,000	89.60%
2035	460,000	21,275	481,275	485,000	350,000	1,295,000	92.24%
2036	460,000	7,188	467,188	485,000	350,000	1,295,000	94.89%
2037	-	-	-	485,000	350,000	835,000	96.59%
2038	-	-	-	485,000	350,000	835,000	98.30%
2039	-	-	-	485,000	350,000	835,000	100.00%
Total.....	\$32,340,000	\$5,259,650	\$37,599,650	\$ 9,650,000	\$ 7,000,000	\$48,990,000	

¹ Excludes \$4,105,000 in principal payments and \$1,141,500 in interest payments from July 1, 2018 through March 27, 2019.

Enterprise Funds

<i>Fiscal Year Ended 6/30</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total Payments</i>	<i>Total Principal</i>	<i>Cumulative Principal Retired (%)</i>
2019 ¹	\$ 330,070	\$ 45,278	\$ 375,348	\$ 330,070	10.1%
2020	325,280	85,044	410,324	325,280	20.0%
2021	325,280	76,870	402,150	325,280	29.9%
2022	325,280	68,502	393,782	325,280	39.8%
2023	320,280	59,827	380,108	320,280	49.6%
2024	320,280	51,384	371,665	320,280	59.3%
2025	320,280	42,716	362,996	320,280	69.1%
2026	228,357	34,945	263,302	228,357	76.1%
2027	155,000	28,856	183,856	155,000	80.8%
2028	155,000	23,431	178,431	155,000	85.5%
2029	155,000	17,813	172,813	155,000	90.2%
2030	160,000	12,000	172,000	160,000	95.1%
2031	160,000	6,000	166,000	160,000	100.0%
Total.....	\$ 3,280,109	\$ 552,665	\$3,832,775	\$3,280,109	

¹ Excludes \$145,210 in principal payments and \$53,347 in interest payments from July 1, 2018 through March 27, 2019.

Overlapping/Underlying Debt

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

Debt Statement ¹ As of March 27, 2019 (Pro-Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this Issue).....	\$ 18,450,000
Schools (Includes this Issue).....	30,540,000
Enterprise Fund - Water	2,645,000
Enterprise Fund - Sewer	635,109
Total Long-Term Debt.....	52,270,109
Short-Term Debt.....	-
Total Direct Debt.....	52,270,109
Less: School Construction Grants Receivable (As of June 30, 2018) ¹	-
Less: Self Supporting Water Bonds.....	(2,645,000)
Less: Self Supporting Sewer Bonds.....	(635,109)
Total Direct Net Debt.....	48,990,000
Overlapping/Underlying Debt.....	-
Total Overall Net Debt.....	\$ 48,990,000

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

**Current Debt Ratios
As of March 27, 2019
(Pro-Forma)**

Population ¹	44,989
Net Taxable Grand List at 70% of Full Value (10/1/18)	\$ 4,239,351,229
Estimated Full Value	\$ 6,056,216,041
Equalized Grand List (10/1/16) ²	\$ 6,207,709,482
Money Income per Capita ¹	\$38,989

	Total Direct Debt \$52,270,109	Total Overall Net Debt \$48,990,000
Per Capita.....	\$1,161.84	\$1,088.93
Ratio to Net Taxable Grand List.....	1.23%	1.16%
Ratio to Estimated Full Value.....	0.86%	0.81%
Ratio to Equalized Grand List.....	0.84%	0.79%
Debt per Capita to Money Income per Capita.....	2.98%	2.79%

¹ American Community Survey, 2013-2017

² Office of Policy and Management, State of Connecticut.

Bond Authorization

The issuance of bonds or notes of the Town is authorized by ordinance in accordance with the Town Charter and the Connecticut General Statutes. The ordinance adoption procedure requires a public hearing, Town Council passage, and Mayoral approval, or in the event of Mayoral veto, Council override of the veto. Thereafter, the ordinance becomes effective unless a petition requesting a referendum is timely filed. A referendum vote to repeal the ordinance does not become effective unless 20% of the electorate have voted. Refunding bonds are authorized pursuant to the Connecticut General Statutes, which provides that only Council approval is required if the refunding results in net present value savings.

Maturities

General obligation bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The term of an issue may not exceed twenty years except in the case of sewer bonds which may mature in up to thirty years.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to eight 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 all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

Limitation of Indebtedness

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

General 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 annual receipts from taxation. Annual receipts from taxation (the "base,") are defined as total tax collections (including interest and penalties) and state payments for revenue loss under the Connecticut General Statutes 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 Statutory Debt Limitation ¹ As of March 27, 2019 (Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2018..... \$ 118,393,000

Reimbursement For Revenue Loss:

Tax relief for elderly ¹..... \$ -

Base for Debt Limitation Computation..... \$ 118,393,000

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 266,384,250	-	-	-	-
4 1/2 times base.....	-	\$ 532,768,500	-	-	-
3 3/4 times base.....	-	-	\$ 443,973,750	-	-
3 1/4 times base.....	-	-	-	\$ 384,777,250	-
3 times base.....	-	-	-	-	\$ 355,179,000
Total Debt Limitation	\$ 266,384,250	\$ 532,768,500	\$ 443,973,750	\$ 384,777,250	\$ 355,179,000

Indebtedness: ¹

Bonds Outstanding.....	8,800,000	23,540,000	- ²	-	-
Bonds - This Issue.....	9,650,000	7,000,000	-	-	-
CWF Project Loan Obligation (PLO).....	-	-	635,109	-	-
Debt Authorized But Unissued	9,620,808	4,175,000	-	-	-
Total Indebtedness	28,070,808	34,715,000	635,109	-	-

Less:

State School Grants Receivable	-	-	-	-	-
Total Net Indebtedness	28,070,808	34,715,000	635,109	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 238,313,442 \$ 498,053,500 \$ 443,338,641 \$ 384,777,250 \$ 355,179,000

¹ Excludes \$2,645,000 in outstanding Water Bonds payable as allowed under the Connecticut General Statutes.

² Represents Sewer Bonds supported by the Enterprise Funds.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$828,751,000.

**Authorized but Unissued Debt
As of March 27, 2019
(Pro Forma)**

Project	Bonds Authorized	Bonds Issued	Amount Self- Funded	Grants	Notes Maturing: 3/27/2019	The Bonds	Debt Authorized but Unissued				
							General Purpose	Schools	Water ¹	Sewer	Total
2016-17 CIP.....	\$ 2,254,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,254,528	\$ -	\$ -	\$ -	\$ 2,254,528
2017-18 CIP.....	1,839,425	-	-	-	-	-	1,839,425	-	-	-	1,839,425
2018-19 CIP.....	2,055,855	-	-	-	-	-	2,055,855	-	-	-	2,055,855
Northford Road Bridge.....	1,000,000	-	-	-	-	-	1,000,000	-	-	-	1,000,000
Toelles Road Construction & Bridge.....	1,000,000	-	-	-	-	-	1,000,000	-	-	-	1,000,000
North Farms Fire Station Building.....	4,625,000	-	272,000	-	4,285,000	4,285,000	68,000	-	-	-	68,000
School CIP Phase II.....	11,175,000	-	-	-	6,600,000	7,000,000	-	4,175,000	-	-	4,175,000
Town-Wide Radio Comm. System.....	6,205,000	-	-	-	-	5,000,000	1,205,000	-	-	-	1,205,000
33 North Cherry Street Purchase.....	610,000	-	47,000	-	-	365,000	198,000	-	-	-	198,000
Total.....	\$ 30,764,808	\$ -	\$ 319,000	\$ -	\$ 10,885,000	\$ 16,650,000	\$ 9,620,808	\$ 4,175,000	\$ -	\$ -	\$ 13,795,808

**Principal Amount of Outstanding General Fund Debt ¹
Last Five Fiscal Years Ending June 30**

Long-Term Debt	2018	2017	2016	2015	2014
Bonds.....	\$ 27,395,000	\$ 30,850,000	\$ 34,310,000	\$ 27,595,000	\$ 31,114,000
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Totals.....	\$ 27,395,000	\$ 30,850,000	\$ 34,310,000	\$ 27,595,000	\$ 31,114,000

¹ Does not include self-supporting debt of Enterprise Funds.

Source: Annual Audited Financial Statements.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value ¹	Net Long-Term Debt ²	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)
2018	\$4,217,775,653	\$6,025,393,790	\$ 27,395,000	0.65	0.45	44,989	\$ 608.93	1.56
2017	4,203,696,607	6,005,280,867	30,850,000	0.73	0.51	44,989	685.72	1.76
2016	4,269,026,488	6,098,609,269	34,310,000	0.80	0.56	44,989	762.63	1.96
2015	4,250,582,165	6,072,260,236	27,595,000	0.65	0.45	44,989	613.37	1.57
2014	4,217,052,785	6,024,361,121	31,114,000	0.74	0.52	44,989	691.59	1.77

¹ Assessment Ratio, 70%.

² Excluded enterprise fund debt.

³ U.S. Department of Commerce, Bureau of Census (2010), American Community Survey (ACS), 2013-2017 used thereafter.

⁴ Money Income per Capita: ACS data: \$38,989 used for all calculations.

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

**Ratios of Annual Long-Term General Fund Debt Service Expenditures
To Total General Fund Expenditures**
(in thousands)

Fiscal Year Ended 6/30	Principal	Interest	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2018	\$ 3,455	\$ 1,101	\$ 4,556	\$ 179,293	2.54%
2017	3,460	1,230	4,690	175,682	2.67%
2016	3,090	1,136	4,226	163,981	2.58%
2015	3,519	1,314	4,833	158,090	3.06%
2014	3,185	1,326	4,511	156,962	2.87%
2013	3,439	1,368	4,807	151,596	3.17%
2012	3,340	1,473	4,813	148,632	3.24%
2011	3,351	1,671	5,022	142,792	3.52%
2010	5,061	1,924	6,985	142,231	4.91%

¹ GAAP basis of accounting. Includes Transfers out.

Source: Annual Audited Financial Statements.

(The remainder of this page left blank intentionally)

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

The financial statements of the Town of Wallingford, Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town has changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2002. Please refer to Appendix A "Notes to Financial Statements" herein for compliance and implementation details.

The new reporting model includes the following segments:

Management's Discussion and Analysis – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

Fund financial statements – provide information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A "Notes to Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town of Wallingford.

Budget Procedure

Departmental managers submit their budgets to the finance department 120 days prior to year-end for the fiscal year commencing the following July 1. Thirty days later the Mayor and Comptroller present the proposed operating budget to the Town Council. A public hearing is conducted to obtain taxpayer comments, and the budget is legally adopted through passage of an ordinance prior to October 1. The Enterprise Funds are also under the same budgetary control.

Supplemental budget appropriations must be adopted by the Town Council.

The annual budget is approved at the line-item level. Upon approval of the Town Council transfers from one budgetary line to another, or from contingency accounts, may be made within a department. Transfers between departments can be made upon request of the Mayor and resolution of the Council during the last three months of the fiscal year. Appropriations lapse at year-end except appropriations of the capital projects funds, which continue until completion of the applicable project.

Section 4-66l(h) (the "Act"), as amended, reduces a municipality's revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality's revenue sharing grant the Act is sometimes popularly referred to as imposing a "spending cap". Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending 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. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement 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; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.63 mills, for FY 18 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal; revenue sharing grant will not be reduced.

For fiscal years ending June 20, 2020 and each year thereafter, each municipal revenue sharing grant is proportionately reduced if amounts in the revenue sharing account are insufficient to fund all the revenue sharing grants.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's. Every session legislative proposals are set forth which if enacted would impact Connecticut municipalities. It is impossible to predict which will be enacted, if any. In the current legislative session one proposal contained in the Governor's budget is to transfer 25% of normal teacher retirement cost, not including unfunded pension liability, to municipalities.

Annual Audit

Pursuant to Connecticut Law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2013, the examination was conducted by Blum Shapiro & Company, P.C., Certified Public Accountants, of West Hartford, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting: The Town of Wallingford has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1988 through June 30, 2001, and June 30, 2003 through June 30, 2017. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports must also contain statistical information useful in evaluating the financial condition of a government and meet the standards established for the Certificate Program.

Pensions

The Town of Wallingford is the administrator of the Town's Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system ("PERS") established and administered by the Town to provide pension benefits to all full-time non-certified employees. The Plan is considered to be part of the Town of Wallingford's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan does not issue a stand-alone report. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. The Town does not contribute to this plan.

Please refer to the "Notes to Financial Statements – Note 13" in Appendix A herein for further information regarding the Town's pension plan.

Other Post-Employment Benefits

The Town provides post employment health care benefits, in accordance with current contracts, to Board of Education certified teachers and administrators who retire from the Town in accordance with criteria listed in “Notes to Financial Statements - Note 12” in Appendix A. For those employees who terminate without retirement, healthcare benefits continue for 30 days after termination.

The Town also provides health care benefits to retired police and fire employees as well as chiefs and assistant chiefs, in accordance with union contracts. When they retire, police and fire employees may have up to fifty percent of their health care benefits paid for by the Town until they reach age 65. The cost of this benefit is recognized as a General Fund expense in the year premiums are incurred.

The Town of Wallingford has hired the firm of Hooker & Holcomb to perform an actuarial valuation of its other post-employment benefits liability in order to comply with the reporting requirements of GASB Statement No. 45.

Investment Practices

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and money market mutual funds.

The Town of Wallingford manages the investment of its funds in compliance with its Charter, Operating Cash Policy and the Connecticut General Statutes.

Long Term Planning

Capital Improvement Plan

The Town, per Ordinance, develops a Six-Year Capital Budget primarily for infrastructure projects, such as road and bridge reconstruction and other non-recurring expenditures. The Ordinance requires the Electric Division to make a P.I.L.O.T. payment based upon the prior audited year kilowatt volume sales to finance these projects. These projects may also be funded by project specific federal and state grants, debt issuance and up to two mills of the annual property tax levy. Proposed projects for the ensuing fiscal year and the next five years thereafter are presented in the same manner as all other funds during the annual budget process. Each year the recommended projects for the ensuing year are appropriated. This activity is accounted for in the Town's Capital and Non-Recurring Capital Projects Fund. The fiscal year 2015/2016 adopted Capital and Non-Recurring Fund budget is \$3.3 million, which is funded by \$1.4 in state grants for a bridge project and \$1.9 million P.I.L.O.T. payments from the Electric Division.

<i>Project</i>	<i>Fiscal Year</i>						<i>Total</i>
	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2012-22</i>	<i>2022-23</i>	<i>2023-24</i>	
Town-Wide Paving Program.....	\$ 1,024,855	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 6,524,855
Prageman Park - Lighting.....	200,000	-	-	-	-	-	200,000
Senior Center - Curbing.....	60,000	-	-	-	-	-	60,000
Town Hall - Security Upgrades.....	250,000	250,000	-	-	-	-	500,000
Sidewalk Replacement Program.....	225,000	150,000	150,000	150,000	175,000	150,000	1,000,000
Town-Wide New Sidewalks.....	10,000	-	-	-	-	-	10,000
Town-Wide Bridge Rehab. Projects...	100,000	-	-	-	-	-	100,000
Town-Wide Guardrails.....	50,000	-	-	-	-	-	50,000
Northford Rd Bridge.....	-	100,000	-	-	-	-	100,000
Tolles Rd Bridge.....	-	200,000	-	-	-	-	200,000
Traffic Signal Replacements.....	75,000	100,000	100,000	100,000	100,000	100,000	575,000
Curbing Projects - Townwide.....	50,000	100,000	100,000	100,000	150,000	150,000	650,000
Total.....	\$ 2,044,855	\$ 2,000,000	\$ 1,450,000	\$ 1,450,000	\$ 1,525,000	\$ 1,500,000	\$ 9,969,855

Planning for One-Time Revenue Distribution

The Town received total distributions of almost \$13 million from the Connecticut Resource Recovery Authority (CRRA) over the last seven years, representing its pro-rata share of certain tip fees collected and held by the CRRA during their 20 years of operating the Town landfill as a trash to energy plant. Four other municipalities participate in the Wallingford Landfill Project, each receiving their pro rata share of these funds upon signing a new agreement with Covanta to operate the facility.

The Town of Wallingford records this financial activity in a Special Revenue Fund. The Town has utilized these funds for purchase of long-term assets, such as a Fire Aerial Truck and other Fire Department and Public Work rolling stock assets with long estimated useful lives, open space parcels, and small construction projects at its schools for asbestos removal and safety code upgrades. The Town does not utilize these funds for operational purposes, in standing with its long time practice of utilizing one-time revenue distributions in a manner that provides long-term benefit to its citizens and reduce the need to incur debt.

(The remainder of this page left blank intentionally)

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis), and
Adopted Budget (Budgetary Basis)
(in thousands)

	Adopted Budget¹ 2019	Actual 2018	Actual 2017	Actual 2016	Actual 2015
Revenues:					
General Property Taxes	\$ 120,993	\$ 121,325	\$ 118,393	\$ 119,376	\$ 115,657
Licenses and Permits	1,688	990	660	764	637
Intergovernmental Revenues	29,874	46,087	47,868	38,240	37,190
Charges for Services	3,495	5,269	3,243	2,988	2,756
Investment Income	550	571	290	181	135
Other	95	2,032	1,819	2,001	1,725
Transfers In	1,901	3,019	1,989	1,965	1,997
Total.....	\$ 158,596	\$ 179,293	\$ 174,262	\$ 165,515	\$ 160,097
Expenditures:					
General Government	\$ 28,207	\$ 25,810	\$ 24,981	\$ 24,876	\$ 23,703
Public Safety	18,249	17,958	16,141	16,288	15,439
Public Works	6,460	6,563	6,439	6,179	6,681
Health and Social Services	2,135	2,042	1,971	1,950	1,940
Parks and Recreation	911	883	920	958	963
Education	101,701	120,820	118,204	106,678	102,504
Debt Service	5,232	4,556	4,693	4,375	4,729
Transfers Out	1,901	2,210	2,333	2,677	2,131
Total.....	\$ 164,796	\$ 180,842	\$ 175,682	\$ 163,981	\$ 158,090
Other Financing Sources (Uses):					
Issuance of Refunding Bonds.....	\$ -	\$ -	\$ -	\$ 11,030	\$ -
Payments to Escrow Agent	-	-	-	(12,137)	-
Premium on Refunding Bond Issuance	-	-	-	1,252	-
Total.....	\$ -	\$ -	\$ -	\$ 145	\$ -
Excess (Deficiency) of Revenues					
Over Expenditures.....	N/A	\$ (1,549)	\$ (1,420)	\$ 1,679	\$ 2,007
Fund Equity, Beginning of Year.....	26,281	27,830	29,250	27,571	25,564
Fund Equity, End of Year.....	N/A	\$ 26,281	\$ 27,830	\$ 29,250	\$ 27,571

¹ Budgetary basis and subject to audit.

Analysis of General Fund Equity

	Adopted Budget¹ 2019¹	Actual 2018	Actual 2017	Actual 2016	Actual 2015
Nonspendable.....	N/A	\$ 142	\$ 143	\$ 126	\$ -
Committed.....	N/A	2,333	1,693	1,517	2,889
Assigned.....	N/A	6,680	7,335	5,098	4,871
Unassigned.....	N/A	17,126	18,659	22,509	19,811
Total Fund Equity.....	\$ -	\$ 26,281	\$ 27,830	\$ 29,250	\$ 27,571

¹ Budgetary basis and subject to audit.

Electric Enterprise Fund
Statement of Revenues and Expenditures
(GAAP Basis)
(in thousands)

	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014
Operating Revenues:					
Operations	\$ 70,197	\$ 68,611	\$ 68,755	\$ 70,762	\$ 71,444
Other	479	530	926	681	1,177
Total.....	70,676	69,141	69,681	71,443	72,621
Operating Expenditures:					
Operations	68,339	62,640	68,624	62,859	66,477
Depreciation	3,525	3,458	3,359	3,327	3,313
Gross Earnings Tax	1,757	1,908	1,724	1,850	1,619
Other	104	100	104	81	58
Total.....	73,725	68,106	73,811	68,117	71,467
Operating Income (Loss).....	(3,049)	1,035	(4,130)	3,326	1,154
NON-OPERATING INCOME (LOSS):					
Interest on customer deposits.....	(38)	(10)	(1)	(1)	(2)
Gain on disposal of assets	(13)	-	24	29	-
Loss on disposal of assets	-	(20)	-	-	(7)
Lease income	1,263	1,077	1,047	894	789
Investment income	223	(10)	41	24	29
Investment Income - affiliated benefit fund	-	-	-	-	-
Total Non-Operating Income (Expenses)	1,435	1,037	1,111	946	809
NET INCOME (LOSS)					
BEFORE TRANSFERS	(1,614)	2,072	(3,019)	4,272	1,963
Transfers out	(1,839)	(1,890)	(1,872)	(1,895)	(1,862)
Change in net assets	(3,453)	182	(4,891)	2,377	101
Total Net Assets, July 1 (as restated).....	56,899	57,309	62,200	59,823	62,035
Total Net Assets, June 30.....	\$ 53,446	\$ 57,491	\$ 57,309	\$ 62,200	\$ 62,136

Source: Annual Audited Financial Statements.

Water Enterprise Fund
Statement of Revenues and Expenditures
(GAAP Basis)
(in thousands)

	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014
Operating Revenues:					
Operations	\$ 7,288	\$ 7,932	\$ 7,789	\$ 7,507	\$ 7,017
Other	190	96	115	259	169
Total.....	7,478	8,028	7,904	7,766	7,186
Operating Expenditures:					
Operations	4,919	4,880	7,130	5,220	5,274
Depreciation	1,833	1,821	1,800	1,777	1,804
Gross Earnings Tax	-	-	-	-	-
Total.....	6,752	6,701	8,930	6,997	7,078
Operating Income (Loss).....	726	1,327	(1,026)	769	108
NON-OPERATING INCOME (LOSS):					
Lease income	142	142	126	171	170
Interest & Amortization Expense	(97)	(104)	(102)	(116)	(113)
Investment income	215	118	83	69	69
Other Nonoperating Revenues (Exp.)	-	-	-	-	-
Total Non-Operating Income (Expenses)	260	156	107	124	126
NET INCOME (LOSS)					
BEFORE TRANSFERS	986	1,483	(919)	893	234
Capital Grants and Contributions	25	312	152	260	69
Transfers out	-	-	-	-	-
Change in net assets	1,011	1,795	(767)	1,153	303
Total Net Assets, July 1 (as restated).....	42,749	41,426	42,193	41,040	41,910
Total Net Assets, June 30.....	\$ 43,760	\$ 43,221	\$ 41,426	\$ 42,193	\$ 42,213

Source: Annual Audited Financial Statements.

Sewer Enterprise Fund
Statement of Revenues and Expenditures
(GAAP Basis)
(in thousands)

	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014
Operating Revenues:					
Operations	\$ 6,459	\$ 6,920	\$ 6,851	\$ 6,797	\$ 6,898
Other	326	242	272	328	254
Total.....	6,785	7,162	7,123	7,125	7,152
Operating Expenditures:					
Operations	4,886	5,293	6,135	5,527	5,134
Depreciation	2,024	2,042	1,999	1,974	1,984
Gross Earnings Tax	-	-	-	-	-
Total.....	6,910	7,335	8,134	7,501	7,118
Operating Income (Loss).....	(125)	(173)	(1,011)	(376)	34
NON-OPERATING INCOME (LOSS):					
Capital grants and contributions	-	-	-	-	-
Lease income	-	-	-	-	-
Interest & Amortization Expense	(15)	(19)	(23)	(29)	(37)
Investment income	239	138	101	90	88
Other Nonoperating Revenues (Exp.)	-	-	-	-	-
Total Non-Operating Income (Expenses) ..	224	119	78	61	51
NET INCOME (LOSS)					
BEFORE TRANSFERS	99	(54)	(933)	(315)	85
Capital Grants and Contributions	-	30	610	-	22
Transfers out	-	-	-	-	-
Change in net assets	99	(24)	(323)	(315)	107
Total Net Assets, July 1 (as restated).....	35,191	35,449	35,772	36,087	36,881
Total Net Assets, June 30.....	\$ 35,290	\$ 35,425	\$ 35,449	\$ 35,772	\$ 36,988

Source: Annual Audited Financial Statements.

VII. Legal and Other Information

Litigation

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

Transcript and Closing Documents

The original purchasers of the Bonds will be furnished the following documentation 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 Mayor and Comptroller, which will be dated the date of delivery, which will certify, to the best of said officials' knowledge and belief, that at the time bids on the Bonds were accepted the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form of Appendix C attached hereto.
6. The Issuer will provide to the winning bidder of the Bonds 25 copies of the Official Statement, prepared for this Bond issue at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at their own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of the Certifying Agent, U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103 and may be examined upon reasonable request.

Concluding Statement

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

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

TOWN OF WALLINGFORD, CONNECTICUT

William W. Dickinson, Jr., *Mayor*

James M. Bowes, *Comptroller*

Dated as of March __, 2019

Appendix A

2018 General Purpose Financial Statements

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

Independent Auditors' Report

To Members of Town Council
Town of Wallingford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wallingford, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Wallingford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Wallingford, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Wallingford, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Wallingford, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 26, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 on our consideration of the Town of Wallingford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wallingford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wallingford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 20, 2018

**TOWN OF WALLINGFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2018**

This discussion and analysis of the Town of Wallingford, Connecticut's (the Town) financial performance is offered by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's total net position decreased as a result of this year's operations by \$14.5 million, a decrease of 4.8% from last year.
- During the year, Governmental activity expenditures exceeded revenues by \$9.4 million (including transfers) and Business-type activities expenses exceeded revenues by \$5.1 million (including transfers).
- Total cost of all of the Town's programs was \$288.4 million, an increase of 4.6% from last year, most of which was for the education and public safety expenditures.
- The General Fund reported a total fund balance this year of \$26.3 million, which includes \$17.1 million 'Unassigned' and available for future use.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) 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 are presented in Exhibits III to IX. For governmental activities, these statements 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 government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. 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 in them. The Town's net position, the difference between assets and liabilities, is 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. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town is divided into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, health and social services, parks and recreation and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Electric Fund, Water Fund, Sewer Fund and EMS Transport Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the capital projects funds) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the State of Connecticut's Department of Education). The Town's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of 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. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded 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.

Government-Wide Financial Analysis

- The Town's combined net position decreased from \$299.8 million to \$285.2 million. This was primarily due to retirement of capital assets in the Governmental activity funds exceeding capital asset purchases. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 53,417	\$ 62,775	\$ 62,263	\$ 68,167	\$ 115,680	\$ 130,942
Capital assets	236,955	241,001	103,379	101,193	340,334	342,194
Total assets	<u>290,372</u>	<u>303,776</u>	<u>165,642</u>	<u>169,360</u>	<u>456,014</u>	<u>473,136</u>
Deferred outflows of resources	<u>7,397</u>	<u>6,363</u>	<u>1,663</u>	<u>1,353</u>	<u>9,060</u>	<u>7,716</u>
Long-term debt outstanding	128,624	126,714	20,654	20,891	149,278	147,605
Other liabilities	9,933	10,743	13,759	12,010	23,692	22,753
Total liabilities	<u>138,557</u>	<u>137,457</u>	<u>34,413</u>	<u>32,901</u>	<u>172,970</u>	<u>170,358</u>
Deferred inflows of resources	<u>6,456</u>	<u>10,542</u>	<u>396</u>	<u>176</u>	<u>6,852</u>	<u>10,718</u>
Net Position:						
Net investments in capital assets	208,230	208,663	99,954	97,293	308,184	305,956
Restricted	1,466	1,465	278	515	1,744	1,980
Unrestricted	<u>(56,940)</u>	<u>(47,988)</u>	<u>32,264</u>	<u>39,828</u>	<u>(24,676)</u>	<u>(8,160)</u>
Total Net Position	<u>\$ 152,756</u>	<u>\$ 162,140</u>	<u>\$ 132,496</u>	<u>\$ 137,636</u>	<u>\$ 285,252</u>	<u>\$ 299,776</u>

TABLE 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 9,206	\$ 7,191	\$ 84,939	\$ 86,463	\$ 94,145	\$ 93,654
Operating grants and contributions	47,732	48,390			47,732	48,390
Capital grants and contributions	365	2,675	25	342	390	3,017
General revenues:						
Property taxes	121,056	118,474			121,056	118,474
Grants and contributions not restricted to specific purposes	5,413	6,455			5,413	6,455
Unrestricted investment earnings	588	296	677	366	1,265	662
Other general revenues	2,511	2,370	1,405	1,219	3,916	3,589
Total revenues	<u>186,871</u>	<u>185,851</u>	<u>87,046</u>	<u>88,390</u>	<u>273,917</u>	<u>274,241</u>
Program expenses:						
General government	29,481	25,590			29,481	25,590
Public safety	19,794	17,873			19,794	17,873
Public works	9,360	10,279			9,360	10,279
Health and social services	2,823	2,782			2,823	2,782
Parks and recreation	2,487	2,339			2,487	2,339
Education	134,849	132,065			134,849	132,065
Interest on long-term debt	913	1,034			913	1,034
Electric			73,776	68,136	73,776	68,136
Water			6,849	6,805	6,849	6,805
Sewer			6,925	7,354	6,925	7,354
EMS Transport			1,184	1,427	1,184	1,427
Total expenses	<u>199,707</u>	<u>191,962</u>	<u>88,734</u>	<u>83,722</u>	<u>288,441</u>	<u>275,684</u>
Change in net position before transfers	(12,836)	(6,111)	(1,688)	4,668	(14,524)	(1,443)
Transfers	<u>3,452</u>	<u>1,693</u>	<u>(3,452)</u>	<u>(1,693)</u>	<u>-</u>	<u>-</u>
Change in net position	(9,384)	(4,418)	(5,140)	2,975	(14,524)	(1,443)
Net Position at Beginning of Year	162,140	181,325	137,636	136,079	299,776	317,404
Restatements for GASB 75	<u>(14,767)</u>	<u>(14,767)</u>	<u>(1,418)</u>	<u>(1,418)</u>	<u>(14,767)</u>	<u>(14,767)</u>
Net Position at End of Year	<u>\$ 152,756</u>	<u>\$ 162,140</u>	<u>\$ 132,496</u>	<u>\$ 137,636</u>	<u>\$ 285,252</u>	<u>\$ 299,776</u>

The net position of the Town's Governmental activities decreased by \$9.4 million, from \$162.1 million to \$152.7 million. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased by \$9 million, from (\$47.9) million to (\$56.9) million. This was primarily due to expenditures for capital items in this fiscal year which will be bonded next fiscal year.

The net position of the Town's Business-type activities decreased by \$5.1 million from \$137.6 million to \$132.5 million due mostly to higher purchase power cost.

The Town's total revenues (excluding transfers) were \$274 million. The total cost of all programs and services was \$288.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the Town's net position by \$9.4 million. Revenues of the Town's total governmental activities increased \$1 million in 2018, \$186.9 million compared to \$185.9 million. Most of the decrease in net position is attributed to cash paid for the Town-wide Radio Communication Project costs (Public Safety) and Board of Education CIP Phase II (Education) costs which will be bonded next fiscal year and increases in employee wages and fringe benefits for both general government and school operations. Despite this, budgetary conservatism allowed the Town to provide services consistent with previous years' levels.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, health and social services, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General government	\$ 29,481	\$ 25,590	\$ 27,127	\$ 24,749
Public safety	19,794	17,873	17,026	15,935
Public works	9,360	10,279	9,131	8,570
Health and social services	2,823	2,782	1,957	1,533
Education	134,849	132,065	84,751	80,537
All others	<u>3,400</u>	<u>3,373</u>	<u>2,412</u>	<u>2,382</u>
Total	<u>\$ 199,707</u>	<u>\$ 191,962</u>	<u>\$ 142,404</u>	<u>\$ 133,706</u>

Business-Type Activities

Business-type activities decreased the Town's net position by \$5.1 million, primarily due to higher purchased power costs in the Town's Electric Division and higher wages and fringe benefits in the Electric, Water and Sewer Departments.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

At June 30, 2017 the Town's governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$29.7 million, which is a decrease of \$3.7 million from last year's total of \$33.4 million, mostly due to Capital Projects Fund expenditures that will be financed with bonds in fiscal 2018/2019.

Also included in this year's total change in fund balance is a decrease of \$1.5 million in the Town's General Fund. The primary reasons for this mirror the General Fund activities analysis highlighted in RSI-1 and RSI-2.

General Fund Budgetary Highlights

The following were the primary General Fund revenue budget variances:

The Town collected \$583 thousand more in current levy tax collections primarily due to actual collections approximately .48% higher than budgeted. This was vital in offsetting collecting \$453 thousand less in prior year's taxes and interest and liens on property taxes.

The Town received \$795 thousand more from the State for the Municipal Revenue Sharing Program, as the Town's budget was adopted before the State's, which allocated more than was expected earlier in the State budget process. This helped offset the \$260 thousand loss for the elderly tax relief program, which the State eliminated after the Town's budget was adopted.

Although the Town received the anticipated \$18.4 million for the Education Cost Sharing Grant, this is approximately \$3 million less than the State had granted the Town in past years.

The Town earned \$301 thousand more interest income than budgeted, as rates rose higher as the fiscal year progressed.

The larger General Fund expenditure budget variances were in the following areas:

The Town's health insurance contributions were \$235 thousand less than budgeted, primarily due to employee retirements exceeding the Town's expectations and the time lag in replacing them.

Public Safety expenditures were \$815 thousand below budget due primarily to \$236 thousand less in Police and Fire overtime pay needed and approximately \$290 thousand of regular wages due to the time lag in replacing employees who retired or resigned during the year.

Public Works expenditures were \$440 thousand below budget due primarily to \$139 thousand less in Public Works Department capital accounts due to lower bid prices received than anticipated and capital equipment unspent at year end and approved as appropriations-in-force and designated as part of the Committed General Fund Balance at June 30, 2018.

Education expenditures were \$753 thousand less than budgeted. This amount, however, was approved as an appropriation-in-force and is reported as part of Committed General Fund Balance at June 30, 2018.

The only significant expenditure budget line items that required additional funding during the year were Overtime and Supplies/Maintenance in the Public Works Department for \$368 thousand due to more snow storm activity than usual. These funds were made available by authorized transfers from the Contingency budget line.

The final amended expenditure budget was \$2.3 million higher than the original budget. As noted above \$1.7 million of this was for capital items approved as appropriations-in-force from prior fiscal years budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Town had \$340.3 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and electric, water and sewer utility plant and transmission and distribution lines - see Table 4. This amount represents a net decrease (including additions, deductions and depreciation) of \$1.8 million or .5% less than last year. The Town's administration views this as a moderate decrease and sufficient to meet the Town's needs, balanced with the economic times.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 36,493	\$ 36,934	\$ 746	\$ 746	\$ 37,239	\$ 37,680
Buildings, utility plant and improvements	157,838	163,750	33,685	32,797	191,523	196,547
Vehicles, machinery and equipment	3,955	3,720	10,809	10,752	14,764	14,472
Infrastructure	27,324	28,046	58,139	56,898	85,463	84,944
Construction in progress	11,345	8,551			11,345	8,551
Total	<u>\$ 236,955</u>	<u>\$ 241,001</u>	<u>\$ 103,379</u>	<u>\$ 101,193</u>	<u>\$ 340,334</u>	<u>\$ 342,194</u>

This year's major capital additions included:

Fire Department-Ambulance-Machinery/Equipment	\$215 thousand
Public Works Plow Truck-Machinery/Equipment	\$183 thousand
Town Wide Radio Comm.Sys.-Con.in Progress	\$1.3 million

The Town's fiscal year 2018/2019 budget calls for spending \$2 million for capital projects, principally for road reconstruction. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2018 the Town had \$30.8 million in bonds and serial notes outstanding versus \$34.8 million last year, - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds and State of Connecticut serial notes (backed by the Town)	\$ <u>27.4</u>	\$ <u>30.9</u>	\$ <u>3.4</u>	\$ <u>3.9</u>	\$ <u>30.8</u>	\$ <u>34.8</u>

The Town sold no bonds or notes during fiscal year ended June 30, 2018. The Town maintained its Aaa rating by Moody's Investor Service during its last sales of \$11.3 million of new general obligation bonds and \$11 million of general obligation refunding bonds in fiscal year ending 2016. See Note 7 to the Financial Statements for more detailed information.

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the Town of Wallingford is \$849.2 million. The Town's outstanding general obligation debt is significantly below this limitation.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The major concern of the Town's elected and appointed officials when considering the fiscal year 2018/2019 budget was the continuing decline of economic growth in the State of Connecticut. This has resulted in multi-billion dollar State budget deficits, which will negatively impact State grant revenue to the Town as part of the State's expenditure reductions. In addition, large scale corporate departures from the State will add to this continuing economic lag and have a negative effect on the local town economy and the taxable Grand List. The following factors indicate that the lack of robust economic growth:

- Revenue from construction and real estate sale activity, which began declining sharply beginning in late calendar 2008, has only improved slightly.
- Commercial and industrial businesses have continued to curtail capital spending for taxable assets.
- The State of Connecticut's bleak financial situation has resulted in approximately \$3 million in cuts to the Town's grants, mostly for education.
- The Town continues to weigh the effect of the on-going departure of its largest taxpayer, Bristol Myers Squibb (as noted in the accompanying Letter of Transmittal) on the Town's ability to provide all of the services requested.

When setting the fiscal year 2018/2019 budgets, tax rate and fees charged for business-type activities, the Town's elected and appointed officials considered the aforementioned economic factors as well as the public's need for services. The Town administration instructed departmental heads to keep 2018/2019 expenditure budget requests at or below their 2017/2018 levels, in order to not increase the financial burden on citizens and businesses during this time of economic uncertainty.

The Town adopted a General Fund budget that contains conservative revenue forecasts as follows:

- Utilized an estimated tax collection rate of 97.5%, in recognition of the unemployment rate of homeowners who may fall delinquent on taxes.
- Utilized conservative estimates in projecting department revenue generated by building and real estate sale activities, as these tend to be very dependent on a strong economy.
- The Town will continue to work with its State assembly delegation and municipal cooperative organizations to minimize reductions in State aid and make necessary budget decisions if State grants are reduced.

The Town adopted expenditure budgets attempting to maintain services with no new programs or initiatives. Some of the major highlights of these efforts are:

- No amounts were budgeted for twelve open positions in the General Government: three in Public Works, six in the Comptroller's office and three in the Police Department. These positions were vacated by retired employees and will probably remain unfilled until the economy recovers.
- Most part time positions in the General Government, which were eliminated over the last several years, remain unfilled and excluded from the budget.
- Major capital items were reduced from General Fund budgets for consideration of funding from the distribution from the C.R.R.A. trash to energy project, which is recorded as a Special Revenue Fund.

The taxable Grand List of October 1, 2017 declined slightly, .62%, from the previous year, primarily due to a write-down of the assessed value of Bristol Myers Squibb, as previously mentioned. Expenditure requests were pared in response, limiting the tax increase to .32% to 28.64 mills. The Town also utilized \$6.2 million of Fund Balance, \$1 million less than last year, to limit the tax increase and to finance programs currently offered.

The total adopted General Fund expenditure budget for fiscal year 2018/2019 increased \$2.7 million, or 1.6% higher than the fiscal year 2017/2018. The General Government budget increased \$1.5 million, or 1.5% mostly due to the addition of two police officers and contingency budget increase to accommodate retroactive pay increases due to negotiations for two labor unions not settled at year ending June 2018, which will be paid in fiscal 2018/2019. The Board of Education budget increased \$1.2 million, or 1.2%, mostly due to increases in wages and health insurance estimates.

As for the Town's business-type activities, the Electric Division operating expense budget reflects an increase of \$300 thousand due to increases in wages and a 2% base rate increase, however Wallingford Electric Division rates remain among the lowest in New England. The Water Division operating expense budget increased 7% due to projected cost to replace water main insulation under a bridge over Interstate-91. The Sewer Division operating expense budget increased by 1.8% due primarily to nitrogen discharge costs and costs for a rate study. Both Water and Sewer Divisions are using reserves to counter these increases and have no rate increases in their fiscal 2018/2019 budgets.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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 Office of the Comptroller, 45 South Main Street, Wallingford, Connecticut 06492.



Basic Financial Statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 45,632	\$ 12,822	\$ 58,454
Investments		36,635	36,635
Receivables, net	7,609	11,033	18,642
Due from pension trust	7		7
Inventory		1,591	1,591
Other assets	169	182	351
Capital assets:			
Assets not being depreciated	43,660	746	44,406
Assets being depreciated, net	193,295	102,633	295,928
Total assets	290,372	165,642	456,014
Deferred Outflows of Resources:			
Deferred charge on refunding	786		786
Deferred outflows related to OPEB	378	16	394
Deferred outflows related to pension	6,233	1,647	7,880
Total deferred outflows of resources	7,397	1,663	9,060
Liabilities:			
Accounts payable and accrued expenses	6,536	9,939	16,475
Customer deposits		3,820	3,820
Unearned revenue	1,894		1,894
Other liabilities	1,503		1,503
Noncurrent liabilities:			
Due within one year	6,196	1,318	7,514
Due in more than one year	122,428	19,336	141,764
Total liabilities	138,557	34,413	172,970
Deferred Inflows of Resources:			
Advanced property tax collections	4,231		4,231
Deferred inflows related to OPEB	902	39	941
Deferred inflows related to pension	1,323	357	1,680
Total deferred inflows of resources	6,456	396	6,852
Net Position:			
Net investment in capital assets	208,230	99,954	308,184
Restricted for conservation programs		278	278
Restricted for trust purposes:			
Expendable	69		69
Nonexpendable	1,397		1,397
Unrestricted	(56,940)	32,264	(24,676)
Total Net Position	\$ 152,756	\$ 132,496	\$ 285,252

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 29,481	\$ 2,121	\$ 233	\$ 74	\$ (27,127)	\$ (27,127)
Public safety	19,794	2,589	105	218	(17,026)	(17,026)
Public works	9,360	11			(9,131)	(9,131)
Health and social services	2,823	22	844		(1,957)	(1,957)
Parks and recreation	2,487	988			(1,499)	(1,499)
Education	134,849	3,475	46,550	73	(84,751)	(84,751)
Interest on long-term debt	913				(913)	(913)
Total governmental activities	<u>199,707</u>	<u>9,206</u>	<u>47,732</u>	<u>365</u>	<u>(142,404)</u>	<u>(142,404)</u>
Business-type activities:						
Electric	73,776	70,676			(3,100)	(3,100)
Water	6,849	7,478		25	654	654
Sewer	6,925	6,785			(140)	(140)
EMS Transport	1,184				(1,184)	(1,184)
Total business-type activities	<u>88,734</u>	<u>84,939</u>	<u>-</u>	<u>25</u>	<u>(3,770)</u>	<u>(3,770)</u>
Total	<u>\$ 288,441</u>	<u>\$ 94,145</u>	<u>\$ 47,732</u>	<u>\$ 390</u>	<u>(142,404)</u>	<u>(146,174)</u>
General revenues:						
Property taxes					121,056	121,056
Grants and contributions not restricted to specific programs					5,413	5,413
Unrestricted investment earnings					588	1,265
Miscellaneous					2,511	3,916
Total general revenues					<u>129,568</u>	<u>131,650</u>
Transfers					3,452	(3,452)
Change in net position					(9,384)	(5,140)
Net Position, Beginning of Year, as Restated					162,140	137,636
Net Position, End of Year					<u>\$ 152,756</u>	<u>\$ 132,496</u>
						<u>\$ 285,252</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 41,864	\$	\$ 3,768	\$ 45,632
Receivables, net	5,129		1,276	6,405
Due from other funds	12,384	6,946	7,527	26,857
Inventory			16	16
Prepaid items	142		11	153
Total Assets	<u>\$ 59,519</u>	<u>\$ 6,946</u>	<u>\$ 12,598</u>	<u>\$ 79,063</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 5,103	\$ 137	\$ 1,036	\$ 6,276
Due to other funds	19,341		12,384	31,725
Unearned revenue	839		1,055	1,894
Other liabilities			1,503	1,503
Total liabilities	<u>25,283</u>	<u>137</u>	<u>15,978</u>	<u>41,398</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	3,724			3,724
Advanced property tax collections	4,231			4,231
Total deferred inflows of resources	<u>7,955</u>	<u>-</u>	<u>-</u>	<u>7,955</u>
Fund balances:				
Nonspendable	142		1,424	1,566
Restricted			989	989
Committed	2,333	6,809	6,447	15,589
Assigned	6,680			6,680
Unassigned	17,126		(12,240)	4,886
Total fund balances	<u>26,281</u>	<u>6,809</u>	<u>(3,380)</u>	<u>29,710</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 59,519</u>	<u>\$ 6,946</u>	<u>\$ 12,598</u>	<u>\$ 79,063</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 29,710
--	-----------

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 406,607	
Less accumulated depreciation	<u>(169,652)</u>	
Net capital assets		236,955

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

Property tax receivables greater than 60 days	3,807
Interest receivable on property taxes	(82)
Deferred charges on refunding	786
Deferred outflows related to pension	6,233
Deferred outflows related to OPEB	378

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

2,063

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(27,395)
Interest payable on bonds and notes	(261)
Compensated absences	(13,783)
Retired employee obligations	(162)
Heart and Hypertension	(1,275)
Premium on refunding bond issuance	(2,116)
Net pension liability	(47,335)
Deferred inflows related to pension	(1,323)
Deferred inflows related to OPEB	(902)
Total OPEB liability	<u>(32,542)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 152,756</u></u>
---	--------------------------

The accompanying notes are an integral part of the financial statements

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

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 121,325	\$	\$	\$ 121,325
Licenses and permits	990			990
Intergovernmental revenues	46,087		7,417	53,504
Charges for services	5,269		2,962	8,231
Investment income	571		19	590
Other	2,032		466	2,498
Total revenues	<u>176,274</u>	<u></u>	<u>10,864</u>	<u>187,138</u>
Expenditures:				
Current:				
General government	25,810		232	26,042
Public safety	17,958		80	18,038
Public works	6,563		473	7,036
Health and social services	2,042		751	2,793
Parks and recreation	883		905	1,788
Education	120,820		7,987	128,807
Capital outlay		1,322	3,406	4,728
Debt service	4,556			4,556
Total expenditures	<u>178,632</u>	<u>1,322</u>	<u>13,834</u>	<u>193,788</u>
Excess (deficiency) of revenues over expenditures	<u>(2,358)</u>	<u>(1,322)</u>	<u>(2,970)</u>	<u>(6,650)</u>
Other financing sources (uses):				
Transfers in	3,019	1,839	371	5,229
Transfers out	<u>(2,210)</u>	<u></u>	<u>(86)</u>	<u>(2,296)</u>
Total other financing sources (uses)	<u>809</u>	<u>1,839</u>	<u>285</u>	<u>2,933</u>
Net change in fund balances	(1,549)	517	(2,685)	(3,717)
Fund balance, beginning of year	<u>27,830</u>	<u>6,292</u>	<u>(695)</u>	<u>33,427</u>
Fund Balance, End of Year	<u>\$ 26,281</u>	<u>\$ 6,809</u>	<u>\$ (3,380)</u>	<u>\$ 29,710</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,717)
---	------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,987
Depreciation expense	(9,033)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(220)
Property tax interest and lien revenue - accrual basis change	(50)
Change in deferred outflows related to pension	762
Change in deferred outflows related to OPEB	378

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

Bond principal payments	3,455
-------------------------	-------

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

Compensated absences	339
Retired employee obligations	(21)
Heart and Hypertension	(1,275)
Accrued interest	31
Amortization of bond premium	264
Amortization of deferred charge on refunding	(106)
Total OPEB liability	85
Change in net pension liability	(1,763)
Change in deferred inflows related to pension	(698)
Change in deferred inflows related to OPEB	(902)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(1,900)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (9,384)</u>
--	-------------------

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018
(In Thousands)

	Business-Type Activities					Governmental Activities Internal Service
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Fund EMS Transport Fund	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 8,013	\$ 386	\$ 179	\$	\$ 8,578	\$
Restricted cash	3,820	424			4,244	
Receivables, net	6,935	2,171	1,927		11,033	1,211
Investments	13,580	10,885	12,170		36,635	
Inventories	1,215	376			1,591	
Due from other funds					-	4,868
Other assets	174		8		182	
Total current assets	33,737	14,242	14,284	-	62,263	6,079
Noncurrent assets:						
Capital assets, net	40,413	37,484	25,482		103,379	
Total assets	74,150	51,726	39,766	-	165,642	6,079
Deferred outflows of resources related to OPEB	8	5	3		16	
Deferred outflows of resources related to pension	959	379	309	-	1,647	
Total deferred outflows of resources	967	384	312	-	1,663	-
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	7,971	1,147	821		9,939	
Bond and notes payable		375	100		475	
Compensated absences	282	329	232		843	
Total	8,253	1,851	1,153	-	11,257	-
Current liabilities payable from restricted assets:						
Customer deposits payable	3,820				3,820	
Risk management claims					-	4,016
Total	3,820	-	-	-	3,820	4,016
Total current liabilities	12,073	1,851	1,153	-	15,077	4,016
Noncurrent liabilities:						
Bond and notes payable		2,340	610		2,950	
Compensated absences	610	402	283		1,295	
Total OPEB liability	713	466	245		1,424	
Net pension liability	8,050	3,190	2,427		13,667	
Total noncurrent liabilities	9,373	6,398	3,565	-	19,336	-
Total liabilities	21,446	8,249	4,718	-	34,413	4,016
Deferred inflows of resources related to OPEB	20	13	6		39	
Deferred inflows of resources related to pension	205	88	64		357	
Total deferred inflows of resources	225	101	70	-	396	-
Net Position:						
Net investment in capital assets	40,413	34,769	24,772		99,954	
Restricted for conservation programs	278				278	
Unrestricted	12,755	8,991	10,518		32,264	2,063
Total Net Position	\$ 53,446	\$ 43,760	\$ 35,290	\$ -	\$ 132,496	\$ 2,063

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities					Governmental Activities Internal Service
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Fund EMS Transport Fund	Total	
Operating revenues:						
Operations	\$ 70,197	\$ 7,288	\$ 6,459	\$	\$ 83,944	\$
Fund premiums						25,228
Other	479	190	326		995	
Total operating revenues	<u>70,676</u>	<u>7,478</u>	<u>6,785</u>	<u>-</u>	<u>84,939</u>	<u>25,228</u>
Operating expenses:						
Operations	68,339	4,919	4,886	1,184	79,328	
Depreciation	3,525	1,833	2,024		7,382	
Gross earnings and property taxes	1,757				1,757	
Employee benefits						24,549
Other	104				104	2,579
Total operating expenses	<u>73,725</u>	<u>6,752</u>	<u>6,910</u>	<u>1,184</u>	<u>88,571</u>	<u>27,128</u>
Operating income (loss)	<u>(3,049)</u>	<u>726</u>	<u>(125)</u>	<u>(1,184)</u>	<u>(3,632)</u>	<u>(1,900)</u>
Nonoperating income (loss):						
Lease income	1,263	142			1,405	
Gain on disposal of capital assets	(13)				(13)	
Interest and amortization expense		(97)	(15)		(112)	
Interest on customer deposits	(38)				(38)	
Investment and interest income	223	215	239		677	
Total nonoperating income	<u>1,435</u>	<u>260</u>	<u>224</u>	<u>-</u>	<u>1,919</u>	<u>-</u>
Net income (loss) before contributions and transfers	(1,614)	986	99	(1,184)	(1,713)	(1,900)
Capital grants and contributions		25			25	
Transfers in						
Transfer out	(1,839)			(1,094)	(2,933)	
Transfer out of capital assets				(519)	(519)	
Change in net position	(3,453)	1,011	99	(2,797)	(5,140)	(1,900)
Total net position, beginning of year, as restated	56,899	42,749	35,191	2,797	137,636	3,963
Total Net Position, End of Year	<u>\$ 53,446</u>	<u>\$ 43,760</u>	<u>\$ 35,290</u>	<u>\$ -</u>	<u>\$ 132,496</u>	<u>\$ 2,063</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities					Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Fund EMS Transport Fund	Total	Internal Service
Cash flows from operating activities:						
Cash received from operations	\$ 70,987	\$ 7,550	\$ 6,884	\$	\$ 85,421	\$ 26,575
Cash payments to vendors and other	(64,127)	(2,119)	(2,456)	1,613	(67,089)	(26,575)
Cash payments to employees	(5,718)	(2,611)	(2,058)		(10,387)	
Net cash provided by (used in) operating activities	1,142	2,820	2,370	1,613	7,945	-
Cash flows from capital and related financing activities:						
Lease income	1,263	142			1,405	
Capital grants		25			25	
Purchase of capital assets	(5,039)	(2,589)	(2,262)		(9,890)	
Proceeds from the sale of capital assets	34				34	
Principal payment on bonds and notes		(375)	(100)		(475)	
Interest paid on bonds and notes		(97)	(15)		(112)	
Net cash provided by (used in) capital and related financing activities	(3,742)	(2,894)	(2,377)	-	(9,013)	-
Cash flows from noncapital financing activities:						
Customer deposits	(38)				(38)	
Transfers (to) from other funds and agencies	(1,839)			(1,613)	(3,452)	
Net cash provided by (used in) provided by noncapital and related financing activities	(1,877)	-	-	(1,613)	(3,490)	-
Cash flows from investing activities:						
Purchases of investments	4,225	40	(210)		4,055	
Income on investments and interest	223	215	239		677	
Net cash provided by (used in) investing activities	4,448	255	29	-	4,732	-
Net increase (decrease) in cash and cash equivalents	(29)	181	22	-	174	-
Cash and cash equivalents, beginning of year	11,862	629	157	-	12,648	-
Cash and Cash Equivalents, End of Year	\$ 11,833	\$ 810	\$ 179	\$ -	\$ 12,822	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (3,049)	\$ 726	\$ (125)	\$ (1,184)	\$ (3,632)	\$ (1,900)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,525	1,833	2,024		7,382	
Gain/loss on disposal of capital assets				275	275	
(Increase) decrease in receivables and unbilled revenue	311	72	99	1,520	2,002	(1,038)
(Increase) decrease in due from other funds				1,022	1,022	2,385
(Increase) decrease in inventory	(138)	15			(123)	
(Increase) decrease in deferred charges and other assets	144				144	
Increase (decrease) in accounts payable and accrued expenses	160	215	306	(20)	661	553
Increase (decrease) in total OPEB liability	1	(6)	11		6	
Increase (decrease) in net pension liability	233	(5)	70		298	
(Increase) decrease in deferred outflows of resources	(168)	(88)	(54)		(310)	
Increase (decrease) in deferred inflows of resources	123	58	39		220	
Total adjustments	4,191	2,094	2,495	2,797	11,577	1,900
Net Cash Provided by (Used in) Operating Activities	\$ 1,142	\$ 2,820	\$ 2,370	\$ 1,613	\$ 7,945	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018
(In Thousands)

	Pension Trust Fund	Agency Funds
Assets:		
Cash and cash equivalents	\$ 2,460	\$ 1,070
Investments:		
Mutual funds	203,629	
Certificates of deposit		70
Total assets	<u>206,089</u>	<u>\$ 1,140</u>
Liabilities:		
Accounts and other payables	22	\$
Due to student groups and agencies	<u> </u>	<u>1,140</u>
Total liabilities	<u>22</u>	<u>\$ 1,140</u>
Net Position:		
Restricted for Pensions	<u>\$ 206,067</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 9,340
Plan members	2,919
Total contributions	<u>12,259</u>
Investment income (loss):	
Net change in fair value of investments	10,452
Interest and dividends	4,219
Other income	7
Investment fee expense	(26)
Net investment income (loss)	<u>14,652</u>
Total additions	<u>26,911</u>
Deductions:	
Benefits	14,676
Refunds of contributions	81
Administration	117
Total deductions	<u>14,874</u>
Change in net position	12,037
Net position restricted for pensions, beginning of year	<u>194,030</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 206,067</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in May 1670 under the provisions of the State of Connecticut General Assembly. It operates under a Mayor-Council form of government and provides services as authorized by its charter including public safety (police and fire), sanitation, health, recreation, social services, libraries, education, planning and zoning and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements where appropriate. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for Agency Funds, which have no measurement focus). 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 WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(amounts expressed in thousands)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The *Capital and Nonrecurring Fund* accounts for the resources accumulated and expenditures made for the construction of capital facilities and other capital improvements and equipment purchases.

The Town reports the following major proprietary funds:

The *Electric Fund* accounts for the activities of the Town's electric distribution operations.

The *Water Fund* accounts for the activities of the water plant, the collection system, the storage facilities and the pumping system.

The *Sewer Fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for the health benefits and risk management activities of the Town.

The *Pension Trust Fund* accounts for the activities of the Consolidated Pension Fund and the Volunteer Firefighters Pension Fund, which accumulates resources for pension benefit payments to qualified participants.

The *Agency Fund* accounts for monies held on behalf of students and amounts held for performance-based activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

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

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

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

D. Deposits and Investments

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

E. Receivables and Payables

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

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. The Town is not a part of any overlapping government that assesses separate property taxes. An amount of \$775 has been established as an allowance for uncollected taxes. At June 30, 2018, this represents 18.0% of property taxes receivable.

F. Inventories and Prepaid Items

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

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

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

(amounts expressed in thousands)

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value rather than estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. The Town also reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by contract, regulation or policy. Accumulated vacation and sick time are recognized as a liability of the Town in the statement of net position.

J. Net Pension Liability

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

M. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

N. Long-Term Obligations

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

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

O. Fund Equity

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

Net Investments in Capital Assets

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

Restricted Net Position

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). A fund balance commitment is established, modified and/or rescinded by ordinance.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or the Comptroller, as they have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

The Town does not have a minimum fund balance policy. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

P. Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Departmental managers submit their budgets to the finance department 120 days prior to year end for the fiscal year commencing the following July 1. Thirty days later, the Mayor and Comptroller present the proposed operating budget to the Town Council. The operating budget includes proposed expenditures and the means of financing them. The Town Council holds a public hearing to obtain taxpayer comments, and the budget is legally adopted through passage of an ordinance prior to June 1. The enterprise funds are also under the same budgetary control.

Supplemental budget appropriations must be adopted by the Town Council. During the fiscal year ended June 30, 2018, there were General Fund supplemental budget appropriations totaling \$650. This amount was offset by increased adopted revenue sources totaling \$650.

In the General Fund, capital purchase appropriations in force of \$1,693 were carried forward from prior years.

The annual budget is approved at the line-item level. The Town issues a separately prepared budget report by line item to comply with this legal requirement. Upon approval of the Town Council, transfers from one budgetary line to another, or from contingency accounts, may be made within a department. Transfers between departments can be made upon request of the Mayor and by passage of a resolution by the Council during the last three months of the fiscal year. Appropriations lapse at year end except appropriations of the capital projects funds, which continue until completion of the applicable project.

The General Fund is the only governmental fund with a legally adopted annual budget.

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

B. Deficit Fund Equity

Nonmajor Funds:

Capital Project Funds:

School Renovations	\$	2,658	**
Vernon E. Cleaves Vo-ag Center		1,610	**
School Roof Projects		463	**
North Farms Fire Station		4,285	**
BOE Capital Projects		1,853	**
Lyman Hall Track		192	**
Town Wide Radio System		1,168	**
Workers' Compensation Fund		311	*

* Deficit will be funded through receipt of additional program revenues or through transfers from the General Fund.

** Deficit will be funded through permanent financing or through transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net position values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net position values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$97,542 of the Town's bank balance of \$99,971 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	87,563
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name		<u>9,979</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>97,542</u></u>

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$12,740 which represent certificates of deposit with maturities of 90 days or less, and are included in the bank balance above.

Investments

As of June 30, 2018, the Town had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of deposit	\$ 36,705	\$ <u>36,705</u>	\$ <u>70</u>	\$ <u>-</u>
Other investments:				
Mutual funds	<u>203,629</u>			
Total Investments	\$ <u><u>240,334</u></u>			

Balance in certificates of deposit as of June 30, 2018 are unrated.

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

(amounts expressed in thousands)

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

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 203,629	\$ <u>203,629</u>	\$ <u>-</u>	\$ <u>-</u>
Investments not recorded at fair value:				
Certificate of deposit *	<u>36,705</u>			
Total Investments	\$ <u>240,334</u>			

* Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

Interest Rate Risk

The Town's formal investment policy limits short-term investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Short-term investment maturities are allowed to range from seven days to one year. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town's investment policy further limits its investment choices. Derivatives, leveraged investments, repurchase agreements and reverse repurchase agreements are not used because of the unacceptable exposure to risk from these investment products. The Town does not have any further restrictions other than the State statute governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk

The Town's investment policy does not restrict investments in any one issuer that is in excess of 5% of the Town's total investments. The investment policy does limit pooled investments in the management of pension funds; however, no additional restrictions on individual investments are established in the policy.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's formal investment policy includes sections regarding safekeeping and custody of investments to mitigate custodial credit risk. At June 30, 2018, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

4. RECEIVABLES

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

	<u>General</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,305	\$	\$	\$	\$	\$ 4,305
Accrued interest	800				6	806
Intergovernmental					1,270	1,270
Service fees and interest		4,092	375	393		4,860
Unbilled service fees		2,785	1,685	1,466		5,936
Accounts and other	894	305	111	68	1,211	2,589
Gross receivables	<u>5,999</u>	<u>7,182</u>	<u>2,171</u>	<u>1,927</u>	<u>2,487</u>	<u>19,766</u>
Less allowance for uncollectibles:						
Taxes	(775)					(775)
Interest on taxes	(94)					(94)
Service fees		(247)				(247)
Accounts and other	(1)					(1)
Total allowance	<u>(870)</u>	<u>(247)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,117)</u>
Net Total Receivables	<u>\$ 5,129</u>	<u>\$ 6,935</u>	<u>\$ 2,171</u>	<u>\$ 1,927</u>	<u>\$ 2,487</u>	<u>\$ 18,649</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 32,315	\$	\$	\$	\$ 32,315
Construction in progress	8,551		2,794		11,345
Total capital assets not being depreciated	<u>40,866</u>	<u>-</u>	<u>2,794</u>	<u>-</u>	<u>43,660</u>
Capital assets being depreciated:					
Land improvements	9,100				9,100
Buildings and improvements	260,704				260,704
Vehicles, machinery and equipment	18,208		2,193	(143)	20,258
Infrastructure	72,885				72,885
Total capital assets being depreciated	<u>360,897</u>	<u>-</u>	<u>2,193</u>	<u>(143)</u>	<u>362,947</u>
Less accumulated depreciation for:					
Land improvements	(4,481)		(441)		(4,922)
Buildings and improvements	(96,954)		(5,912)		(102,866)
Vehicles, machinery and equipment	(14,488)		(1,958)	143	(16,303)
Infrastructure	(44,839)		(722)		(45,561)
Total accumulated depreciation	<u>(160,762)</u>	<u>-</u>	<u>(9,033)</u>	<u>143</u>	<u>(169,652)</u>
Total capital assets being depreciated, net	<u>200,135</u>	<u>-</u>	<u>(6,840)</u>	<u>-</u>	<u>193,295</u>
Governmental Activities Capital Assets, Net	<u>\$ 241,001</u>	<u>\$ -</u>	<u>\$ (4,046)</u>	<u>\$ -</u>	<u>\$ 236,955</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 746	\$	\$	\$	\$ 746
Construction in progress					-
Total capital assets not being depreciated	<u>746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746</u>
Capital assets being depreciated:					
Utility plant	101,347	10	4,079		105,436
Infrastructure	139,873	(44)	4,726	(275)	144,280
Machinery and equipment	38,686	34	1,082	(1,195)	38,607
Total capital assets being depreciated	<u>279,906</u>	<u>-</u>	<u>9,887</u>	<u>(1,470)</u>	<u>288,323</u>
Less accumulated depreciation for:					
Utility plant	(68,550)	(1,027)	(2,174)		(71,751)
Infrastructure	(82,975)	560	(3,955)	229	(86,141)
Machinery and equipment	(27,934)	467	(1,253)	922	(27,798)
Total accumulated depreciation	<u>(179,459)</u>	<u>-</u>	<u>(7,382)</u>	<u>1,151</u>	<u>(185,690)</u>
Total capital assets being depreciated, net	<u>100,447</u>	<u>-</u>	<u>2,505</u>	<u>(319)</u>	<u>102,633</u>
Business-Type Activities Capital Assets, Net	<u>\$ 101,193</u>	<u>\$ -</u>	<u>\$ 2,505</u>	<u>\$ (319)</u>	<u>\$ 103,379</u>

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

(amounts expressed in thousands)

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

Governmental activities:	
General government	\$ 163
Public safety	1470
Public works	1,245
Parks and recreation	533
Education	<u>5,622</u>
Total Depreciation Expense - Governmental Activities	\$ <u>9,033</u>
Business-type activities:	
Electric	\$ 3,525
Water	1,833
Sewer	<u>2,024</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>7,382</u>

Construction Commitments

The Town has active construction projects as of June 30, 2018. At year end, the projects unexpended authorization available to fund commitments with contractors is as follows:

<u>Description</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2018</u>
School Renovations	\$ 72,367	\$	\$ 72,294	\$ 73
Vernon E. Cleaves Vo-Ag	27,808		27,695	113
School Roofs	16,165		15,354	811
North Farms Fire Station	5,902	53	5,567	335
Town-Wide Radio System	<u>6,205</u>	<u>1,168</u>	<u>1,168</u>	<u>5,037</u>
Total	\$ <u>128,447</u>	\$ <u>1,221</u>	\$ <u>122,078</u>	\$ <u>6,369</u>

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

(amounts expressed in thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 12,384
Capital and Nonrecurring	General	6,946
Nonmajor Governmental	General	7,527
Internal Service Fund	General	<u>4,868</u>
Total		\$ <u>31,725</u>

A summary of interfund transfers is presented below:

<u>Transfers In</u>				
	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 1,839	\$ 371	\$ 2,210
Nonmajor Governmental	86			86
EMS Transport Fund *	1,094			1,094
Electric Fund	<u>1,839</u>			<u>1,839</u>
Total Transfers In	\$ <u>3,019</u>	\$ <u>1,839</u>	\$ <u>371</u>	\$ <u>5,229</u>

* In addition to the transfers above, the EMS Transport Fund transferred out \$519 in capital assets which are now recorded as part of Governmental Activities in the accompanying Statement of Net Position.

General Fund transfers are made in accordance with budget appropriations. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. The transfer from the Electric Fund to the General Fund represents a payment in lieu of taxes. The General Fund uses the payment in lieu of taxes to fund budgeted transfers to the Capital and Nonrecurring Fund. The transfer from the EMS Transport Fund to the General Fund is the result of the Town closing the EMS Transport Fund and moving its operations to the General Fund.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:	\$ 30,850	\$	\$ 3,455	\$ 27,395	\$ 3,455
Plus premiums	2,380		264	2,116	263
Total bonds payable	33,230	-	3,719	29,511	3,718
Accrued compensated absences	14,122	2,115	2,454	13,783	2,397
Retired employee obligations	141	462	441	162	81
Heart and Hypertension		1,275		1,275	
Net pension liability	45,572	1,763		47,335	
Total OPEB liability *	32,627		85	32,542	
Risk management	3,462	554		4,016	
Total Governmental Activities Long-Term Liabilities	\$ <u>129,154</u>	\$ <u>6,169</u>	\$ <u>6,699</u>	\$ <u>128,624</u>	\$ <u>6,196</u>

* Beginning balance has been restated in accordance with GASB Statements No. 75. Please see Note 15.

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

A schedule of government activities bonds outstanding at June 30, 2018 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2018</u>
General purpose:				
Library and Land Acquisition (2007 & 2008 Refunding)	08/27/15	2.00-5.00%	\$ 6,424	\$ 4,822
Tyler Mill Property Purchase	10/01/15	2.00-4.00%	305	180
Total general purpose				<u>5,002</u>
School:				
Schools	05/15/11	1.75-3.75%	1,440	445
Schools (2003 & 2005 Refunding)	03/15/12	2.00-4.00%	15,190	9,170
Schools (2007 & 2008 Refunding)	08/27/15	2.00-5.00%	4,606	3,568
Schools	10/01/15	2.00-4.00%	10,320	9,210
Total schools				<u>22,393</u>
Total				\$ <u>27,395</u>

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

(amounts expressed in thousands)

Annual maturities of bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,455	\$ 972	\$ 4,427
2020	3,455	839	4,294
2021	3,450	709	4,159
2022	3,235	580	3,815
2023	3,025	442	3,467
2024-2028	7,095	963	8,058
2029-2033	2,300	381	2,681
2034-2036	<u>1,380</u>	<u>64</u>	<u>1,444</u>
Total	\$ <u>27,395</u>	\$ <u>4,950</u>	\$ <u>32,345</u>

Landfill Closure

The Town and four other municipalities entered into a Municipal Solid Waste Delivery and Disposal Contract with Covanta Corporation, which went into effect July 1, 2010, to operate a mass-burn solid waste, resource recovery, steam and electric generation facility located in Wallingford. For the twenty years prior to this, the Connecticut Resource Recovery Authority (CRRRA), a public instrumentality of the State of Connecticut, had leased and operated this facility and the related landfill and established a reserve fund for, and is responsible for, closure and post-closure costs. The Town has no current costs for closure and post-closure care of the landfill.

Business-Type Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 3,090	\$	\$ 375	\$ 2,715	\$ 375
State of Connecticut - serial notes	<u>811</u>	<u></u>	<u>100</u>	<u>711</u>	<u>100</u>
Total bonds and serial notes payable	3,901	-	475	3,426	475
Net pension liability	13,369	298		13,667	
Total OPEB liability *	1,418	6		1,424	
Accrued compensated absences	<u>2,204</u>	<u>752</u>	<u>819</u>	<u>2,138</u>	<u>843</u>
Business-Type Activity					
Long-Term Liabilities	\$ <u>20,892</u>	\$ <u>1,056</u>	\$ <u>1,294</u>	\$ <u>20,655</u>	\$ <u>1,318</u>

* Beginning balance has been restated in accordance with GASB Statements No. 75. Please see Note 15.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

A schedule of business-type activities bonds and serial notes outstanding at June 30, 2018 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2018</u>
Water Division:				
Water Supply Project Refunding	03/19/2009	2.50-5.00%	\$ 1,550	\$ 150
McKenzie Reservoir	05/15/2011	1.75-3.75%	2,820	2,025
Pistapaug Water Tank	10/15/2015	2.00-4.00%	680	540
Total water obligations				<u>2,715</u>
Sewer Division:				
State of Connecticut Serial Note	8/11/2005	2.00%	1,997	<u>711</u>
Total sewer obligations				<u>711</u>
Total				<u>\$ 3,426</u>

Annual maturities of bonds and serial notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 475	\$ 99	\$ 574
2019	325	85	410
2020	325	77	402
2021	325	69	394
2022	320	60	380
2023-2027	1,181	181	1,362
2028-2032	<u>475</u>	<u>36</u>	<u>511</u>
Total	<u>\$ 3,426</u>	<u>\$ 607</u>	<u>\$ 4,033</u>

Bonds Authorized/Unissued

Bonds authorized/unissued for which bonds or notes are outstanding are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonds Issued</u>	<u>Grants Received</u>	<u>Self-Funded</u>	<u>Authorized Unissued</u>
North Farms Fire Station	\$ 4,625	\$	\$	\$ 272	\$ 4,353
Northford Road Bridge	1,000				1,000
Toelles Road Construction & Bridge	1,000				1,000
School CIP Phase II	11,175				11,175
18/19 CNR	2,056				2,056
Town-Wide Radio Comm. System	<u>6,205</u>				<u>6,205</u>
Total	<u>\$ 26,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ 25,789</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 266,384	\$ 19,616	\$ 246,768
Schools	532,769	22,850	509,919
Sewers	443,974		443,974
Urban renewal	384,777		384,777
Pension deficit	355,179		355,179

The total of the Town's net statutory indebtedness of \$42,466 does not exceed the legal debt limitation of \$829 million (seven times the base for debt limitation computation).

The net indebtedness excludes water bonds of \$2,715 and sewer notes of \$711, which are considered to be self-funding.

An estimated 49% or \$35,460 of a Town-wide school system renovation authorization totaling \$72,367 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$29,630, leaving a balance of \$5,593 in anticipated grant payments pending state approval of the projects.

In addition, an estimated 95% or \$26,418 of the Vo-Ag Building Project authorization totaling \$27,208 will be received from the State in the form of proportional progress payments for eligible construction costs during certain received to date total \$24,730 leaving a balance of \$1,688 in anticipated grant payments pending state approval of the project.

In addition, an estimated 50% or \$8,082 of the Eleven School Roof Project authorization totaling \$16,165 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$4,645 leaving a balance of \$3,437 in anticipated grant payments pending state approval of the project.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

8. FUND EQUITY

A. Fund Balance

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

	<u>General Fund</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 16	\$ 16
Prepays	142		11	153
Permanent fund principal			1,397	1,397
Restricted for:				
General government			71	71
Public works			11	11
Health and social services			41	41
Education			866	866
Committed to:				
General government			81	81
Public works			3,984	3,984
Health and social services			27	27
Parks and recreation			85	85
Education			309	309
Capital projects	2,333	6,809	1,961	11,103
Assigned to:				
General government - use of fund balance	6,200			6,200
General government encumbrances -				
Finance capital expenditures	1			1
Personnel operating expenditures	4			4
Public safety encumbrances -				
Fire Capital Expenditures	1			1
Police Other	6			6
Public works encumbrances -				
Public Works capital expenditures	21			21
Engineering capital expenditures	11			11
Engineering operating expenditures	9			9
Education encumbrances - other	427			427
Unassigned	17,126		(12,240)	4,886
Total fund balances	\$ 26,281	\$ 6,809	\$ (3,380)	\$ 29,710

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

(amounts expressed in thousands)

B. Electric Fund - Restricted Net Position

Through December 31, 2013, the Connecticut Municipal Electric Energy Cooperative (CMEEC) administered a Municipal Energy Conservation and Load Management Fund (ECLMF) on behalf of the Town of Wallingford. The ECLMF was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring municipal electric utilities to contribute to the fund and CMEEC to administer the fund. Effective January 1, 2014, with the expiration of the "full requirements" contract mentioned below, CMEEC transferred custody of the balance of that portion of the ECLMF held for Wallingford contributions to the Town of Wallingford. The Town's contribution rate for fiscal year 2016 is 2.5 mills per kilowatt hour sold. The contributions formerly sent by the Town to CMEEC are now deposited directly into a fund held by the Town. Disbursements from the ECLMF are required to be made pursuant to a comprehensive electric conservation and load management plan. In addition to the ECLMF, the Town receives revenues from periodic Regional Greenhouse Gas Initiative (RGGI) auctions. The Town also received custody from CMEEC of Renewable Resource Investment Funds (RRIF), for revenues received from Independent System Operators-New England (ISO-NE) through the forward capacity market (FCM) for ECLMF measures installed in Wallingford's service territory which CMEEC used to fulfill its obligations in the FCM. No further RRIF revenues have been received by Wallingford since January 2014 and Wallingford is currently pursuing the matter with CMEEC to see if additional funds are due to the Town for revenues since January 2014.

Investment income earned on the Town's deposits along with the Fund's authorized expenses during the year are recorded in the Electric Fund's statement of activities. The funds held now by the Town are recorded as assets on the Electric Fund's statement of net position, and, accordingly, the Electric Fund's net position has been restricted. The balance of these unexpended funds held by the Town was \$278 at June 30, 2018.

9. ELECTRIC DIVISION - POWER SUPPLY AGREEMENT AND SPECIAL FUNDS

Through December 31, 2013, the Town purchased its wholesale power requirements under an "all requirements" Power Sales Agreement (PSA) with the Connecticut Municipal Electric Energy Cooperative (CMEEC). Under the PSA the Town was required to purchase from CMEEC and CMEEC was required to sell to the Town, essentially all electric capacity and energy that Wallingford required for sale at retail. On February 23, 2012, in recognition of the fact that the Town was contemplating not renewing the PSA, the Town and CMEEC entered into a Memorandum of Agreement (MOA), which was amended on April 2, 2013. Under the MOA, CMEEC continued to purchase forward energy on behalf of the Town through July 31, 2013.

On July 1, 2006, the Town entered into the Contract for the Sale of Pierce Project Electric Power and Energy (Pierce Project Contract) with CMEEC. The Pierce Project Contract enables the Town to receive its entitlement allocation of all electric products of the Pierce Project and obligates the Town to pay its entitlement allocation of all fixed and variable costs associated with the Project, in the event the PSA is not extended.

As of June 1, 2009, the Town entered into the Contract for the Sale of 50 in 5 Peaking Electric Power and Energy and Crediting of Avoided Costs Benefits (50 in 5 Project Contract) with CMEEC. The 50 in 5 Project Contract enables the Town to receive its entitlement allocation of all electric products and crediting of avoided cost benefits of the 50 in 5 Project and obligates the Town to pay its entitlement allocation of all fixed and variable costs associated with the Project, in the event the PSA is not extended.

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

(amounts expressed in thousands)

Since the Town did not extend the term of the PSA beyond December 31, 2013, the provisions for each of the project contracts went into effect as of January 1, 2014.

On May 15, 2013 the Town entered into the Energy Portfolio Management and Power Supply Consulting Service Agreement (the Agreement) with Energy New England (ENE). The initial term of the Agreement is through December 31, 2018 and it provides for a single, three-year extension.

Under the terms of the Agreement, the Wallingford Electric Division (WED) operates as an ISO-NE Market Participant (which it became on October 1, 2013) and enters into contracts directly with counterparties for the purpose of hedging the risks associated with its wholesale power supply. ENE acts as the WED's agent in all matters related to the WED's power supply acquisition activities and it assists the WED in fulfilling its obligations in the ISO-NE market. As the WED's agent, ENE manages the forward energy that CMEEC procured on the WED's behalf under the MOA.

As of this writing the WED has entered into six Master Power Purchase and Sale Agreements with counterparties.

The WED's power procurement activities are governed by its Energy Risk Management Policy and its Hedging Policy, which were adopted by the Wallingford Board of Public Utilities Commissioners on August 8, 2013 and October 1, 2013, respectively. The Energy Risk Management Policy was amended on September 8, 2018. The Hedging Policy was amended on May 1, 2018.

The foregoing discussion of the Energy Portfolio Agreement, CMEEC contracts, Memorandum of Agreement, Master Power Purchase Agreements, and Project Contracts is intended to be a summary of such contracts and funds and is qualified in its entirety by reference to the contracts themselves, which may be obtained from the Town.

10. LEASES

Lease Agreement as Lessor

Under the terms of a lease dated March 8, 2000, as amended January 28, 2016, the Town's Electric Division received \$1,043 for the year ended June 30, 2018 for the lease of land onto which a gas-fired electric power generating station facility was constructed. The effective date of the 25-year lease period began on May 31, 2000. The \$1,043 annual lease payment is recorded as lease income in the Electric Division as non-operating revenue.

On July 1, 2006, the Town and CMEEC entered into a lease agreement providing for CMEEC's lease of land, buildings and other structures at the Town's former Alfred L. Pierce electric generating station. \$300 of rent was generated annually for a five-year period following commercial operation. Beginning with the sixth year of the initial term of the lease, rent was increased 1.5% annually. The initial term of the lease will end on December 31, 2027. An extension provision for an additional five-year period is provided for in the agreement. The Town allocates 50% of the rental income to the Town's Electric Division and fifty percent to the Town's General Fund.

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

(amounts expressed in thousands)

11. RISK MANAGEMENT

The Town procures insurance policies with commercial insurance companies to protect itself against various risk exposures such as general liability, property damage and professional liability. The Town's Legal Counsel defends the Town in any lawsuits that arise from the normal course of operations.

The Town has a workers' compensation fund and is self-insured for claims up to a maximum of \$500,000. The Town purchases commercial insurance for claims in excess of self-insured coverage. There is an individual claim maximum of \$500,000. Settled claims have not exceeded coverage in any of the past three years. The Town's third-party administrator estimates claims payable for incurred claims as of June 30, 2018 at \$1,973 for workers' compensation and heart and hypertension claims.

The Town administers the medical self-insurance program through the Health Benefits fund. The Town has an Anthem Blue Cross/Blue Shield medical plan for which payments are based upon actual claims (versus premium payments). In this case, Anthem Blue Cross/Blue Shield acts as a claims processor and a transfer of risk does not occur.

All funds of the Town participate in the program and make payments to the Health Benefits Fund to pay claims, claim reserves and administrative costs of the program. During the fiscal year ended June 30, 2018, \$25.8 million in health care benefits and administrative costs were paid. Incurred but not reported health claims of \$2,043 have been accrued as a liability based upon information supplied by the Town's Health Care Administrator. Actuarial estimated liability for claims incurred but not reported is not available.

The changes in the claims liability were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
<u>Workers' Compensation Fund</u>				
2016-2017	\$ 1,503	\$ 1,784	\$ 1,784	\$ 1,503
2017-2018	1,503	1,369	899	1,973
<u>Health Benefits Fund</u>				
2016-2017	\$ 1,781	\$ 22,154	\$ 21,976	\$ 1,781
2017-2018	1,781	23,180	22,918	2,043

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

12. OTHER POSTEMPLOYMENT BENEFITS

Town OPEB

The Town, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses through a single-employer postemployment benefit plan. Benefits are established and amended through negotiations between the Town and the various unions representing Town employees. The Town provides postemployment healthcare benefits, in accordance with current contracts, to Board of Education certified teachers and administrators who retire from the Town in accordance with criteria listed in Note 13. For those employees who terminate without retirement, healthcare benefits continue for 30 days after termination.

Retiree health insurance is provided as a combination of HMO and indemnity coverage, with the retiree selecting the type of coverage. The Town pays for a major portion or all of the total health insurance cost for retirees depending on the coverage election. The Town pays approximately 50% of the cost of coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium is paid by the retirees for their dependents or the surviving spouse for themselves.

The Town also provides health care benefits to retired police and fire employees as well as chiefs and assistant chiefs, in accordance with union contracts. When they retire, police and fire employees may have up to 50% of their health care benefits paid for by the Town until they reach age 65.

A. Funding Policy (Not Rounded)

The Town's current strategy is to fund current claims and administrative costs for postemployment benefits through its purchase of premium-based coverage.

Although a trust fund may be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town's current commitment is to fund the other post employment benefits provided to Town retirees on a pay-as-you-go basis.

The Town has not established an OPEB Trust fund, as of June 30, 2018, to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The following is the current census of Town benefit participants as of July 1, 2017:

Inactive employees currently receiving benefit payments	111
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,127</u>
Total	<u><u>1,238</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2018, net of retiree and other contributions, amounted to approximately \$1,789.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

B. Total OPEB Liability

The Town's total OPEB liability of \$33,966 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75%
Salary increases	3.30%, average, including inflation
Discount rate	3.87%
Healthcare cost trend rates	7.25% for 2017, decreasing 0.5% per year to an ultimate rate of 4.75% for 2022 and later years
Retirees' share of benefit-related costs	Various

The discount rate was based on the 20-year municipal bond index for unfunded OPEB plans.

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

C. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2017	\$ <u>34,045</u>
Changes for the year:	
Service cost	1,077
Interest on total OPEB liability	1,226
Changes of benefit terms	
Difference between expected and actual experience	429
Changes in assumptions or other inputs	(1,022)
Benefit payments	(1,789)
Net changes	<u>(79)</u>
Balances as of June 30, 2018	\$ <u><u>33,966</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability \$	37,673 \$	33,966 \$	30,740

E. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.5% decreasing to 4.5%) or 1 percentage point higher (10.5% decreasing to 6.5%) than the current healthcare cost trend rates:

	1% Decrease (6.25% Decreasing to 3.75%)	Healthcare Cost Trend Rates (7.25% Decreasing to 4.75%)	1% Increase (8.25% Decreasing to 5.75%)
Total OPEB liability \$	29,932 \$	33,966 \$	38,767

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$2,126. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 394	\$
Changes of assumptions or other inputs		(941)
Total	\$ 394	\$ (941)

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

(amounts expressed in thousands)

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

Year Ending June 30

2019	\$	(47)
2020		(47)
2021		(47)
2022		(47)
2023		(47)
Thereafter		(312)

Teachers OPEB

A. Plan Description

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

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

B. Benefit Provisions (Not Rounded)

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

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

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

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

(amounts expressed in thousands)

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

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

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

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

D. Contributions (Not Rounded)

State of Connecticut

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

Employer (School Districts)

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

Employees

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

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

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

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>42,769</u>
Total	\$	<u>42,769</u>

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

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,982 in Exhibit II for on-behalf amounts for the benefits provided by the State.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

F. Actuarial Assumptions

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

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

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

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

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

G. Discount Rate

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

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

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

I. Other Information

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

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Wallingford Consolidated Pension Plan

A. Plan Description and Benefits Provided (Not Rounded)

The Town of Wallingford is the administrator of the Town's Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits to all full-time noncertified employees. The Plan is considered to be part of the Town of Wallingford's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan does not issue a stand-alone report.

Per the Town Charter, the Personnel Department administers the pension system, receives retirement applications from employees, determines pension eligibility of those employees, calculates pension amounts for those eligible and handles all communication with retirees. The Personnel Department also procures the services of actuaries for pension plan valuation and other consultants as needed for advice regarding the pension plan. Also, per the Town Charter, a Pension Commission determines and invests the pension assets. The Commission consists of six members: the Town Comptroller, Town Treasurer (currently vacant), Personnel Director and three resident electors of the Town who have experience and training in investments and finance, who are appointed by the Mayor with the approval of the Town Council. The Town Treasurer has custody of all pension funds and sees to the investment of pension assets in conformity with actions and policies of the Pension Commission. The Commission may appoint a financial custodian to implement investment decisions and trustees to manage the pension funds.

Membership as of July 1, 2017 of the PERS consisted of the following:

	<u>Number of Employees</u>
Retirees and beneficiaries currently receiving benefits	438
Terminated employees not yet receiving benefits	64
Active plan members	<u>676</u>
Total	<u><u>1,178</u></u>

Members are required to contribute to the Plan and the Town is required to contribute amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the Town and may be amended only by the Town Charter and Union negotiation.

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

(amounts expressed in thousands)

The following summarizes the major provisions of the plan. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Regular Employees

Normal Retirement

Age and Service Requirement:

Public Works:	30 years of credited service or age 62 with 10 years of credited service.
Management & Supervisors:	30 years of credited service or age 62 with 10 years of credited service.
Electric Division & Water Division:	29 years of credited service or age 60 with 10 years of credited service.

Benefit:

Public Works:	2.15% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.
Management & Supervisors:	2.25% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.
Electric Division & Water Division:	2.35% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.

Early Retirement

Age requirement:	55
Service requirement:	15 years
Amount:	Normal pension accrued reduced by 0.25% for each month that the participant's retirement date precedes normal retirement

Vesting

100% vested with 5 years of credited service

Employee Contributions

5% of weekly salary for Public Works
7% of weekly salary for Management and Supervisors
7.5% of weekly salary for Water or Electric Divisions

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

Hazard Employees

Normal Pension

Police, Firemen and Linemen

Age requirement:	None
Service requirement:	
Police:	22 years of service
Fire:	23 years of service
Lineman:	25 years of service
Benefit:	
Police:	2.35% of final average salary per year of credited service, subject to a maximum of 75%.
Fire:	2.35% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.
Lineman:	For pre-July 1, 2007 hires: 2.35% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year. For post-July 1, 2007 hires: 2.25% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.

Vesting

100 % vesting after 5 years of credited service

Employee Contributions

8.5% of weekly salary for Linemen

7.75% of weekly salary for Policemen

8.0% of weekly salary for Firefighters

Interest is credited at 3% per year

Cost-of-Living Adjustment

Police:	2% per year after age 60. Normal retirements only.
Fire:	2% per year after age 60, normal and disability retirements. Terminated vested benefits, after age 62.
Lineman:	2% per year after age 60, if hired on or before January 1, 2001. All normal retirement benefits on or after July 1, 1992, with at least 25 years of service.

B. Summary of Significant Accounting Policies and System Assets

Basis of Accounting

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

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned.

Concentration of Investments

There were no investments in any one organization that represented 5% or more of net position available for benefits, except for investments in United States backed bonds.

Plan Expenses

Expenses of administering the Plan are paid for from contributions to the Plan.

C. Funding Policy

Employees contribute between 5% and 8.5% of their weekly salary to the Plan. Contributions earn 3% interest returnable upon termination before retirement. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 20.10% of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended subject to union negotiations.

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

(amounts expressed in thousands)

D. Investments

The Pension Commission utilizes the Plan's Investment Policy Statement (IPS) to determine the allocation of the Plan's invested assets. The goal of the IPS is to reduce risk by utilizing an investment strategy through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Fixed Income	35.00%	1.95%	0.68%
U.S. Equity	50.00%	5.40%	2.70%
International Equity	<u>15.00%</u>	5.60%	0.84%
Total Portfolio	100.00%		4.22%
Long-Term Inflation Expectation			<u>2.50%</u>
Long-Term Expected Nominal Return			6.72%

* Long-Term Returns are provided by FIA-LLC. The returns are geometric means.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the Town

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

Total pension liability	\$	265,546
Plan fiduciary net position		<u>(204,536)</u>
Town's Net Pension Liability	\$	<u>61,010</u>
Plan fiduciary net position as a percentage of the total pension liability		77.02%

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

(amounts expressed in thousands)

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	Ranges from 3.3% to 11.8%, based on age
Investment rate of return	7.4% including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages. The impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 6.25% and 7.25%. An expected rate of return of 7.40% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Consolidated Pension Fund			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 251,437	\$ 192,599	\$ 58,838
Changes for the year:			
Service cost	6,069		6,069
Interest on total pension liability	18,772		18,772
Differences between expected and actual experience	(1,276)		(1,276)
Changes in assumptions	5,242		5,242
Employer contributions		9,297	(9,297)
Member contributions		2,919	(2,919)
Net investment income		14,521	(14,521)
Benefit payments, including refund to employee contributions	(14,698)	(14,698)	
Administrative expenses		(109)	109
Other changes		7	(7)
Net changes	14,109	11,937	2,172
Balances as of June 30, 2018	\$ 265,546	\$ 204,536	\$ 61,010

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

(amounts expressed in thousands)

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

The following presents the net pension liability of the Town, calculated using the discount rate of 7.40%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate:

	1% Decrease in Discount Rate (6.40%)	Current Discount Rate (7.40%)	1% Increase in Discount Rate (8.40%)
Net pension liability as of June 30, 2018	\$ 91,948	\$ 61,010	\$ 34,946

Wallingford Volunteer Firefighters Length of Service Award Plan

A. Plan Description and Benefits Provided (Not Rounded)

The Town of Wallingford is the administrator of the Town's Volunteer Firefighters Length of Service Award Plan, a single-employer defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits to qualified volunteer firefighters. The Plan is considered to be part of the Town of Wallingford's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan does not issue a stand-alone report.

The Plan is administered by the Personnel Department and Pension Commission as previously state in the Consolidated Pension Plan Note above.

Membership as of July 1, 2017 of the PERS consisted of the following:

	<u>Number of Employees</u>
Volunteers currently receiving benefits	19
Inactive vested volunteers	55
Current active members	<u>48</u>
Total	<u><u>122</u></u>

Benefits are established by the Town and may be amended only by the Town Charter.

The following is a brief summary of the plan provisions:

Normal Pension

Age requirement:	65
Service requirement:	5 years (1 year after program's initiation)
Amount:	\$10 per month for the first 10 years of service plus \$15 per month for the second 10 years of service; plus \$20 per month for the next 10 years of service (30-year maximum). The monthly pension amount is subject to a \$450 maximum.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

Disability

Age requirement:	None
Service requirement:	None
Amount:	Regular pension accrued deferred to age 65 or lump-sum cash benefit equal to the accrued benefit multiplied by 120.

Vesting

Age requirement:	None
Service requirement:	5 years
Amount:	Regular pension accrued deferred to age 65

Service

One year of service will be credited for each year the activity requirement is met. Currently, this requirement is 100 points.

B. Summary of Significant Accounting Policies and System Assets

Basis of Accounting

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

Method Used to Value Investments

The plan reports investments at fair value. Investment income is recognized as earned.

Concentration of Investments

There were no investments in any one organization that represented 5% or more of net position available for benefits, except for investments in United States backed bonds.

Plan Expenses

Expenses of administering the Plan are paid for from contributions to the Plan.

C. Funding Policy

The Town funding policy is to contribute the amount equal to the normal cost, plus a past service payment representing amortization of the unfunded accrued liability.

D. Investments

Funds are invested in the same manner as in the Consolidated Pension Plan Note above.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

The following was the Board's adopted asset allocation policy as of June 30, 2018.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
Fixed Income	35.00%	1.95%	0.68%
U.S. Equity	50.00%	5.40%	2.70%
International Equity	<u>15.00%</u>	5.60%	0.84%
Total Portfolio	100.00%		4.22%
Long-Term Inflation Expectation			<u>2.50%</u>
Long-Term Expected Nominal Return			6.72%

* Long-Term Returns are provided by FIA-LLC. The returns are geometric means.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Asset of the Town

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

Total pension liability	\$	1,524
Plan fiduciary net position		<u>(1,531)</u>
Town's Net Pension Asset	\$	<u><u>(7)</u></u>
Plan fiduciary net position as a percentage of the total pension liability		100.49%

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	N/A - members are volunteers
Investment rate of return	7.4%, including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

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

(amounts expressed in thousands)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages. The impact of asset allocation and rebalancing is not reflected in the expected return. expected rate of return of 7.40% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

Volunteer Firefighter's Pension Fund			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 1,534	\$ 1,431	\$ 103
Changes for the year:			
Service cost	23		23
Interest on total pension liability	115		115
Changes in assumptions	26		26
Employer contributions		43	(43)
Net investment income		124	(124)
Benefit payments, including refund to employee contributions	(59)	(59)	-
Administrative expenses		(8)	8
Net changes	(10)	100	(110)
Balances as of June 30, 2018	\$ 1,524	\$ 1,531	\$ (7)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 7.40%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate:

	1% Decrease in Discount Rate (6.40%)	Current Discount Rate (7.40%)	1% Increase in Discount Rate (8.40%)
Net pension liability (asset) as of June 30, 2018	\$ 150	\$ (7)	\$ (141)

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

(amounts expressed in thousands)

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

For the year ended June 30, 2018, the Town recognized pension expense of \$11,224. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related pension from the following sources:

Deferred Outflows of Resources			
	Consolidated Pension	Volunteer Firefighter's	Total
Differences between expected and actual experience	\$ 1,630	\$ 14	\$ 1,644
Changes of assumptions	5,901	32	5,933
Net difference between projected and actual earning on pension plan investments	303		303
Total	<u>\$ 7,834</u>	<u>\$ 46</u>	<u>\$ 7,880</u>

Deferred Inflows of Resources			
	Consolidated Pension	Volunteer Firefighter's	Total
Differences between expected and actual experience	\$ 1,544	\$ 111	\$ 1,655
Net difference between projected and actual earning on pension plan investments		25	25
Total	<u>\$ 1,544</u>	<u>\$ 136</u>	<u>\$ 1,680</u>

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

<u>Year Ending June 30,</u>	Consolidated Pension	Volunteer Firefighter's	Total
2019	\$ 3,529	\$ (24)	\$ 3,505
2020	1,927	(17)	1,910
2021	(416)	(38)	(454)
2022	1,025	(12)	1,013
2023	224		224
Thereafter		2	2
Total	<u>\$ 6,289</u>	<u>\$ (89)</u>	<u>\$ 6,200</u>

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

(amounts expressed in thousands)

F. Pension Trust Funds

The Town maintains two pension trust funds (Consolidated Pension Fund and Volunteer Firefighters Pension Fund) to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2018 and the changes in net position for the year then ended:

	Consolidated Pension Fund	Volunteer Firefighter's Pension Fund	Interfund Eliminations	Totals
Assets:				
Cash and cash equivalents	\$ 2,412	\$ 48	\$	\$ 2,460
Investments:				
Mutual Funds	203,629			203,629
Due from other funds		1,388	(1,388)	-
Total Assets:	<u>206,041</u>	<u>1,436</u>	<u>(1,388)</u>	<u>206,089</u>
Liabilities:				
Accounts and other payables	22			22
Due to other funds	1,484	(96)	(1,388)	-
Total Liabilities:	<u>1,506</u>	<u>(96)</u>	<u>(1,388)</u>	<u>22</u>
Net Position:				
Restricted for pensions	\$ <u>204,535</u>	\$ <u>1,532</u>	\$ <u>-</u>	\$ <u>206,067</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

Combining Statement of Changes in Fiduciary Net Position			
	Consolidated Pension Fund	Volunteer Firefighter's Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 9,297	\$ 43	\$ 9,340
Plan members	2,919		2,919
Total contributions	12,216	43	12,259
Investment income:			
Net change in fair value of investments	10,364	88	10,452
Interest and dividends	4,183	36	4,219
Other income	7		7
Investment fee expense	(26)		(26)
Total investment income	14,528	124	14,652
Total additions	26,744	167	26,911
Deductions			
Benefits	14,617	59	14,676
Refunds of contributions	81		81
Administration	109	8	117
Total deductions	14,807	67	14,874
Net change	11,937	100	12,037
Net position restricted for pensions, beginning of year	192,599	1,431	194,030
Net Position Restricted for Pensions, End of Year	\$ 204,536	\$ 1,531	\$ 206,067

Teachers Retirement

A. Plan Description

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective January 2018, each teacher is required to contribute 7% of salary for the pension benefit.

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

(amounts expressed in thousands)

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>166,166</u>
Total	\$ <u>166,166</u>

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

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$19,221 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

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

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

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

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

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

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

(amounts expressed in thousands)

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	100.0%	

F. Discount Rate

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(amounts expressed in thousands)

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

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

H. Other Information

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

14. CONTINGENT LIABILITIES

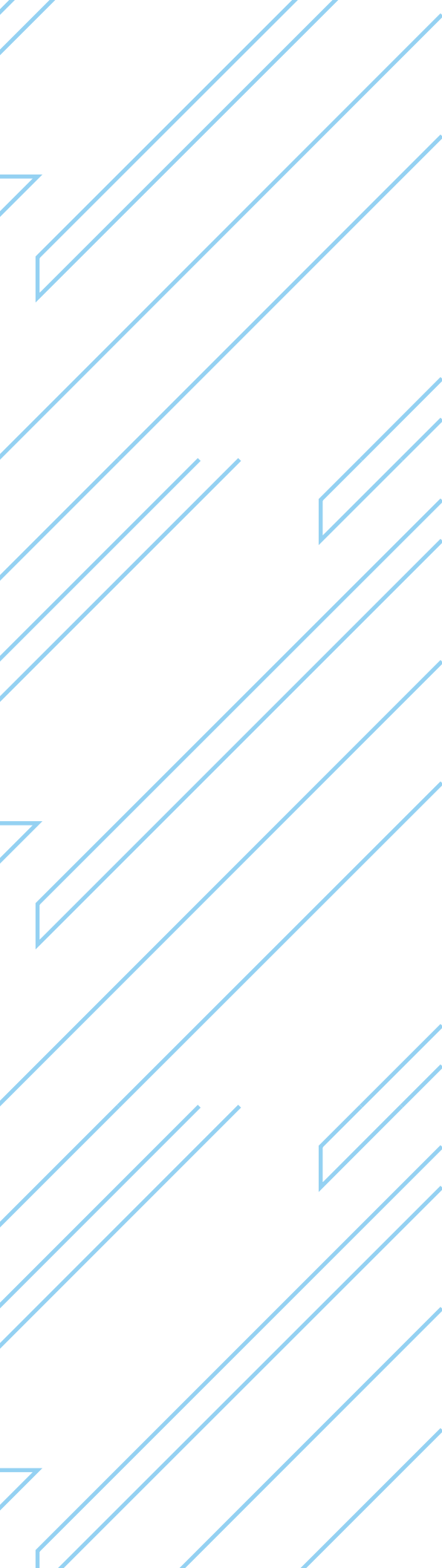
The Town is contingently liable in connection with litigation involving personal injury claims, zoning matters, property tax appeals, other miscellaneous suits and unasserted claims. The Town intends to vigorously defend these actions; however, there can be no assurance that the Town will prevail.

The Town Attorney estimates that the potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. When it has been determined that the Town faces an exposure in matters of litigation, the Town's policy is to establish an appropriate reserve.

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

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

	Governmental Activities	Business-Type Activities			Total
		Electric Fund	Water Fund	Sewer Fund	
Net position at June 30, 2017, as previously reported	\$ 176,907	\$ 57,611	\$ 43,221	\$ 35,425	\$ 313,164
Adjustments:					
Eliminate net OPEB obligation reported per GASB No. 45	17,860				17,860
Record starting total OPEB liability per GASB No. 75	(32,627)	(712)	(472)	(234)	(34,045)
Net Position at July 1, 2017, as Restated	\$ 162,140	\$ 56,899	\$ 42,749	\$ 35,191	\$ 296,979



Required Supplementary Information

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
General property taxes:				
Current tax levy	\$ 118,590	\$ 118,590	\$ 119,173	\$ 583
Prior year's levy	1,690	1,690	1,385	(305)
Interest and liens	915	915	767	(148)
Total	<u>121,195</u>	<u>121,195</u>	<u>121,325</u>	<u>130</u>
Licenses and permits:				
Building	600	600	931	331
Public safety	28	28	22	(6)
Public works	6	6	8	2
Health	27	27	29	2
Total	<u>661</u>	<u>661</u>	<u>990</u>	<u>329</u>
Intergovernmental revenues:				
Education Cost Sharing	11,110	11,110	18,442	7,332
Special Revenue	7,274	7,274		(7,274)
PILOT Housing/State	2,946	2,946	3,033	87
Municipal revenue sharing	1,386	1,386	2,181	795
Elderly taxes	260	260		(260)
Disability and Veterans exemptions	47	47	46	(1)
Pequot funds	152	152	152	-
Health			23	23
Vocational agriculture	801	801	801	-
Miscellaneous grants	122	169	206	37
Total	<u>24,098</u>	<u>24,145</u>	<u>24,884</u>	<u>739</u>
Charges for services:				
Rent	166	166	166	-
Town Clerk	875	875	952	77
Public safety	2,483	2,985	2,561	(424)
Public works	49	49	44	(5)
Recreation - swimming	30	30	33	3
Veterans	12	12	13	1
Tuition	1,281	1,281	1,500	219
Total	<u>4,896</u>	<u>5,398</u>	<u>5,269</u>	<u>(129)</u>
Use of money:				
Investment income	<u>270</u>	<u>270</u>	<u>571</u>	<u>301</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Other revenue:				
Sewer assessment	\$ 1	\$ 1	\$ 1	\$ -
In lieu of taxes/telephone	600	600	640	40
Compensation and insurance recovery	57	70	53	(17)
Proportionate charges	1,108	1,108	1,108	-
Encumbrance cancellations	40	40	20	(20)
Miscellaneous	45	133	230	97
Total	<u>1,851</u>	<u>1,952</u>	<u>2,052</u>	<u>100</u>
Total revenues	<u>152,971</u>	<u>153,621</u>	<u>155,091</u>	<u>1,470</u>
Other financing sources:				
Transfers in:				
Electric Division	1,839	1,839	1,839	-
Other funds	68	68	1,180	1,112
Total	<u>1,907</u>	<u>1,907</u>	<u>3,019</u>	<u>1,112</u>
Total	<u>\$ 154,878</u>	<u>\$ 155,528</u>	158,110	<u>\$ 2,582</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf Pension contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	19,221
State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	1,982
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(20)

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

\$ 179,293

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
General Government:				
Town Council:				
Salaries and wages	\$ 51	\$ 51	\$ 50	\$ 1
Operating and maintenance	6	13	6	7
Total	<u>57</u>	<u>64</u>	<u>56</u>	<u>8</u>
Board of Selectmen:				
Salaries and wages	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Mayor:				
Salaries and wages	231	231	230	1
Operating and maintenance	80	103	92	11
Total	<u>311</u>	<u>334</u>	<u>322</u>	<u>12</u>
Program Planning:				
Salaries and wages	82	82	75	7
Operating and maintenance	8	8	5	3
Total	<u>90</u>	<u>90</u>	<u>80</u>	<u>10</u>
Government Access TV:				
Salaries and wages	130	130	110	20
Operating and maintenance	12	12	5	7
Capital	8	8	3	5
Total	<u>150</u>	<u>150</u>	<u>118</u>	<u>32</u>
Department of Law:				
Salaries and wages	335	335	326	9
Operating and maintenance	213	228	214	14
Total	<u>548</u>	<u>563</u>	<u>540</u>	<u>23</u>
Board of Assessment Appeals:				
Salaries and wages	7	7	6	1
Operating and maintenance	2	2	1	1
Total	<u>9</u>	<u>9</u>	<u>7</u>	<u>2</u>
Finance:				
Salaries and wages	1,847	1,841	1,786	55
Operating and maintenance	522	526	493	33
Capital	80	82	7	75
Total	<u>2,449</u>	<u>2,449</u>	<u>2,286</u>	<u>163</u>
Library:				
Operating and maintenance	<u>3,030</u>	<u>3,030</u>	<u>3,030</u>	<u>-</u>
Personal Pension and Risk Management:				
Salaries and wages	544	544	543	1
Operating and maintenance	265	265	237	28
Capital		3	3	-
Total	<u>809</u>	<u>812</u>	<u>783</u>	<u>29</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
General Government (continued):				
Pension Fund:				
Operating and maintenance	\$ 7,719	\$ 7,685	\$ 7,557	\$ 128
Employee Insurance and Other Benefits:				
Salaries and wages	297	229	197	32
Operating and maintenance	8,366	8,295	8,060	235
Total	8,663	8,524	8,257	267
Property and Casualty Insurance:				
Operating and maintenance	1,217	1,217	1,170	47
Building Department:				
Salaries and wages	411	399	359	40
Operating and maintenance	31	43	24	19
Total	442	442	383	59
Register of Voters:				
Salaries and wages	122	122	96	26
Operating and maintenance	31	31	15	16
Total	153	153	111	42
Town Clerk:				
Salaries and wages	230	230	218	12
Operating and maintenance	73	79	58	21
Capital				-
Total	303	309	276	33
Planning and Zoning:				
Salaries and wages	221	221	218	3
Operating and maintenance	32	32	31	1
Capital				-
Total	253	253	249	4
Inland/Wetlands Commission:				
Salaries and wages	90	90	88	2
Operating and maintenance	10	10	8	2
Total	100	100	96	4
Zoning Board of Appeals:				
Salaries and wages	1	1	1	-
Operating and maintenance	7	7	7	-
Total	8	8	8	-
Economic Development Commission:				
Salaries and wages	60	60	58	2
Operating and maintenance	36	36	32	4
Capital	6	6		6
Total	102	102	90	12

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
General Government (continued):				
Conservation Commission:				
Salaries and wages	\$ 1	\$ 1	\$ 1	\$ -
Operating and maintenance	8	8	7	1
Total	<u>9</u>	<u>9</u>	<u>8</u>	<u>1</u>
Public Utilities Commission:				
Salaries and wages	289	301	300	1
Operating and maintenance	6	6	5	1
Total	<u>295</u>	<u>307</u>	<u>305</u>	<u>2</u>
Probate Court:				
Operating and maintenance	<u>12</u>	<u>12</u>	<u>10</u>	<u>2</u>
Civil Preparedness:				
Salaries and wages	13	13	13	-
Operating and maintenance	7	7	3	4
Total	<u>20</u>	<u>20</u>	<u>16</u>	<u>4</u>
Contingency Accounts:				
General and accrued expenses	<u>361</u>	<u>3</u>		<u>3</u>
Total general government	<u>27,111</u>	<u>26,646</u>	<u>25,759</u>	<u>887</u>
Public Safety:				
Police Department:				
Salaries and wages	8,435	8,893	8,367	526
Operating and maintenance	1,110	1,192	1,079	113
Capital	300	409	368	41
Total	<u>9,845</u>	<u>10,494</u>	<u>9,814</u>	<u>680</u>
Dog Pound:				
Salaries and wages	144	146	144	2
Operating and maintenance	40	39	35	4
Capital				-
Total	<u>184</u>	<u>185</u>	<u>179</u>	<u>6</u>
Fire Department:				
Salaries and wages	6,791	6,840	6,821	19
Operating and maintenance	1,001	982	917	65
Capital	253	234	189	45
Total	<u>8,045</u>	<u>8,056</u>	<u>7,927</u>	<u>129</u>
Total public safety	<u>18,074</u>	<u>18,735</u>	<u>17,920</u>	<u>815</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Public Works:				
Engineering Department:				
Salaries and wages	\$ 361	\$ 361	\$ 358	\$ 3
Operating and maintenance	64	64	44	20
Capital	33	33	17	16
Total	<u>458</u>	<u>458</u>	<u>419</u>	<u>39</u>
Department of Public Works:				
Salaries and wages	3,151	3,271	3,194	77
Operating and maintenance	2,637	2,885	2,661	224
Capital	385	434	295	139
Total	<u>6,173</u>	<u>6,590</u>	<u>6,150</u>	<u>440</u>
Total public works	<u>6,631</u>	<u>7,048</u>	<u>6,569</u>	<u>479</u>
Health and Social Services:				
Health Department:				
Salaries and wages	414	414	406	8
Operating and maintenance	34	34	30	4
Total	<u>448</u>	<u>448</u>	<u>436</u>	<u>12</u>
Social Services:				
Salaries and wages	333	333	331	2
Operating and maintenance	94	94	76	18
Pass-through agency contributions	1,163	1,175	1,174	1
Total	<u>1,590</u>	<u>1,602</u>	<u>1,581</u>	<u>21</u>
Veteran's Service Center:				
Salaries and wages	22	23	23	-
Operating and maintenance	2	2	1	1
Total	<u>24</u>	<u>25</u>	<u>24</u>	<u>1</u>
Total health and social services	<u>2,062</u>	<u>2,075</u>	<u>2,041</u>	<u>34</u>
Parks and Recreation:				
Department of Parks and Recreation:				
Salaries and wages	779	754	730	24
Operating and maintenance	137	142	129	13
Capital	24	33	25	8
Total parks and recreation	<u>940</u>	<u>929</u>	<u>884</u>	<u>45</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Education	\$ 100,517	\$ 100,524	\$ 99,771	\$ 753
Debt Service:				
Principal	3,455	3,455	3,455	-
Interest	1,101	1,101	1,101	-
Administration, registration and other	5	5		5
Total debt service	<u>4,561</u>	<u>4,561</u>	<u>4,556</u>	<u>5</u>
Appropriations in Force Carryforward:				
Capital and nonrecurring items		1,693	293	1,400
Total expenditures	159,896	162,211	157,793	4,418
Other financing uses:				
Transfers out	<u>2,182</u>	<u>2,210</u>	<u>2,210</u>	<u>-</u>
Total	<u>\$ 162,078</u>	<u>\$ 164,421</u>	160,003	<u>\$ 4,418</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf pension payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			19,221	
State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			1,982	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			(480)	
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year are reported for financial statement reporting purposes.			115	
The Town and Board of Education do not budget for accrued payroll services earned at year end. The accrued wages are charged to the subsequent year's budget. The change in the accrual is recorded as an adjustment to the current year expenditure for GAAP financial statement purposes.			<u>1</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 180,842</u>	

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS - TOWN*
(In Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 6,069	\$ 5,664	\$ 5,280	\$ 5,102
Interest	18,772	17,964	17,178	16,642
experience	(1,276)	1,596	1,376	(1,525)
Changes of assumptions	5,242	2,618		
Benefit payments, including refunds of member contributions	<u>(14,698)</u>	<u>(13,966)</u>	<u>(13,828)</u>	<u>(12,847)</u>
Net change in total pension liability	14,109	13,876	10,006	7,372
Total pension liability - beginning	<u>251,437</u>	<u>237,561</u>	<u>227,555</u>	<u>220,183</u>
Total pension liability - ending	<u>265,546</u>	<u>251,437</u>	<u>237,561</u>	<u>227,555</u>
Plan fiduciary net position:				
Contributions - employer	9,297	8,639	8,411	8,192
Contributions - member	2,919	2,797	2,723	2,626
Net investment income	14,521	23,070	766	4,904
Benefit payments, including refunds of member contributions	(14,698)	(13,966)	(13,828)	(12,849)
Administrative expense	(109)	(97)	(102)	(95)
Other	<u>7</u>	<u>80</u>	<u>33</u>	<u>697</u>
Net change in plan fiduciary net position	11,937	20,523	(1,997)	3,475
Plan fiduciary net position - beginning	<u>192,599</u>	<u>172,076</u>	<u>174,073</u>	<u>170,598</u>
Plan fiduciary net position - ending	<u>204,536</u>	<u>192,599</u>	<u>172,076</u>	<u>174,073</u>
Net Pension Liability - Ending	<u>\$ 61,010</u>	<u>\$ 58,838</u>	<u>\$ 65,485</u>	<u>\$ 53,482</u>
Plan fiduciary net position as a percentage of the total pension liability	77.02%	76.60%	72.43%	76.50%
Covered payroll	\$ 43,097	\$ 42,990	\$ 41,595	\$ 39,273
Net pension liability as a percentage of covered payroll	141.56%	136.86%	157.44%	136.18%

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 9,297	\$ 8,639	\$ 8,411	\$ 8,192	\$ 7,446	\$ 6,652	\$ 6,559	\$ 6,060	\$ 3,654	\$ 3,317
Contributions in relation to the actuarially determined contribution	9,297	8,639	8,411	8,192	7,446	6,652	6,559	6,060	3,654	3,317
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,097	\$ 42,990	\$ 41,595	\$ 39,273	\$ 38,849	\$ 37,825	\$ 37,825	\$ 38,058	\$ 35,903	\$ 36,217
Contributions as a percentage of covered payroll	21.57%	20.10%	20.22%	20.86%	19.17%	17.59%	17.34%	15.92%	10.18%	9.16%

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level Percent
Remaining amortization period 25 years, closed
Asset valuation method 5-year smoothed
Inflation 2.75%
Salary increases Ranges from 3.3% to 11.8%, based on age
Investment rate of return 7.40%

Retirement age - Hazardous Plan

Police 22 years of service.

Fire 23 years of service.

Lineman 25 years of service.

Retirement age - Non-Hazardous Plan

Public Works 30 years of credited service or age 62 with 10 years of credited service.

Management and Supervisors 30 years of credited service or age 62 with 10 years of credited service.

Electric and Water Division 29 years of credited service or age 60 with 10 years of credited service.

Mortality

Hazardous Plan: RP-2000 Combined Mortality Table projected to the valuation date with Scale AA (Blue Collar).

Non-Hazardous Plan: RP-2000 Combined Mortality Table projected to the valuation date with Scale AA (No Collar).

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FOUR FISCAL YEARS - TOWN***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	7.60%	13.57%	0.46%	3.30%

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

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS - VOLUNTEER FIRE**
(In Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 23	\$ 22	\$ 17	\$ 18
Interest	115	110	103	101
Differences between expected and actual experience	(115)		22	(38)
Changes of assumptions	26	16		
Benefit payments, including refunds of member contributions	<u>(59)</u>	<u>(63)</u>	<u>(50)</u>	<u>(52)</u>
Net change in total pension liability	<u>(10)</u>	<u>85</u>	<u>92</u>	<u>29</u>
Total pension liability - beginning	<u>1,534</u>	<u>1,449</u>	<u>1,357</u>	<u>1,328</u>
Total pension liability - ending	<u>1,524</u>	<u>1,534</u>	<u>1,449</u>	<u>1,357</u>
Plan fiduciary net position:				
Contributions - employer	43	43	41	42
Net investment income	124	178	(10)	127
Benefit payments, including refunds of member contributions	(59)	(62)	(50)	(52)
Administrative expense	<u>(8)</u>			
Net change in plan fiduciary net position	<u>100</u>	<u>159</u>	<u>(19)</u>	<u>117</u>
Plan fiduciary net position - beginning	<u>1,431</u>	<u>1,272</u>	<u>1,291</u>	<u>1,174</u>
Plan fiduciary net position - ending	<u>1,531</u>	<u>1,431</u>	<u>1,272</u>	<u>1,291</u>
Net Pension Liability (Asset) - Ending	\$ <u>(7)</u>	\$ <u>103</u>	\$ <u>177</u>	\$ <u>66</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.49%	93.28%	87.76%	95.13%
Covered payroll*	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

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

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - VOLUNTEER FIRE**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 43	\$ 43	\$ 41	\$ 42	\$ 31	\$ 31	\$ 36	\$ 36	\$ 31	\$ 31
Contributions in relation to the actuarially determined contribution	43	43	41	42	31	31	36	36	31	31
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

Notes to Schedule

Valuation date:

July 1, 2017

Measurement date:

June 30, 2018

Actuarially determined contribution rates are calculated as of January 1, one and a half years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level dollar

Remaining amortization period 25 years, open

Asset valuation method 5-year smoothed

Inflation 2.75%

Investment rate of return 7.40%

Retirement age The later of age 65 and 5 years of service.

Mortality

RP-2000 Mortality Table with separate male and female rates, with Blue Collar adjustment, combined table for non-annuitants and annuitants projected to the valuation date with Scale AA

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FOUR FISCAL YEARS - VOLUNTEER FIRE***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	8.64%	13.90%	-0.79%	10.62%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>166,166</u>	<u>175,306</u>	<u>133,407</u>	<u>123,308</u>
Total	<u>\$ 166,166</u>	<u>\$ 175,306</u>	<u>\$ 133,407</u>	<u>\$ 123,308</u>
Town's covered payroll	\$ 51,357	\$ 50,654	\$ 49,221	\$ 47,622
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

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

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

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR*

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 1,077
Interest	1,226
Differences between expected and actual experience	429
Changes of assumptions and other inputs	(1,022)
Benefit payments	<u>(1,789)</u>
Net change in total OPEB liability	(79)
Total OPEB liability - beginning	<u>34,045</u>
Total OPEB Liability - Ending	<u><u>\$ 33,966</u></u>
 Covered payroll	 \$ 87,084
Total OPEB liability as a percentage of covered payroll	39.00%

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

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

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>42,769</u>
Total	<u><u>\$ 42,769</u></u>
Town's covered payroll	\$ 51,357
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

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

Appendix B

Form of Opinion of Bond Counsel and Tax Exemption

JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S A T L A W

TELEPHONE (860)296-0510
FACSIMILE (860)296-0541

FORM OF OPINION OF BOND COUNSEL

Town of Wallingford
Wallingford, Connecticut

Ladies and Gentlemen:

We have represented the Town of Wallingford, Connecticut as bond counsel with respect to the issuance and sale of \$16,650,000 Town of Wallingford, Connecticut General Obligation Bonds, Issue of 2019, bearing a Dated Date and an Original Issue Date of March 27, 2019 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated March 27, 2019 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The bonds are subject to redemption prior to maturity as therein provided. The bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the bonds, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the bonds are valid and binding general obligations of the Town of Wallingford payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest 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. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the bonds in order that interest on the bonds not be included in gross income under Section 103 of the Code. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the bonds shall not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the bonds is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax. We express no opinion regarding any other Federal tax consequences of ownership or disposition of, or receipt of interest on, the bonds.

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

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

The rights of owners of the bonds and the enforceability of the bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

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

Respectfully yours,

JOSEPH FASI LLC

TAX MATTERS

Opinion of Bond Counsel

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds in order that interest on the Bonds not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax.

The "Tax Cut and Jobs Act" (H.R.1), repealed the Federal alternative minimum tax on corporations for taxable years beginning after December 31, 2017. For tax years beginning on or prior to December 31, 2017, interest on the Bonds is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of the Federal alternative minimum tax on corporations.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds.

Bond Counsel expresses no opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on the Bonds.

Additional Tax Matters

The following is a brief discussion of certain Additional Tax Matters associated with purchase and ownership of the Bonds. Bond Counsel's opinion does not address these issues (see opinion above) and prospective purchasers are advised to consult their own tax advisors regarding federal and state consequences of ownership and disposition of the Bonds.

Ownership of tax exempt obligations such as the Bonds may result in certain collateral Federal tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Bonds.

Original Issue Discount and Premium

The following is a general discussion of Original Issue Discount and Premium and not an opinion of Bond Counsel. Prospective Investors are advised to consult their own tax advisors regarding original issue discount and original issue premium in connection with their ownership and disposition of the Bonds.

The initial public offering prices of certain maturities of the Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). Based solely on information provided by the Underwriters, the offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, however, under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be

included in the calculation of the corporation's federal alternative minimum tax liability for taxable years beginning on or before December 31, 2017. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds, including those not purchasing a Bond at its initial public offering, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the federal, state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal, state and local income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

FUTURE EVENTS

The Federal and State tax treatment of municipal bonds is determined by Federal, State and local legislation, administrative pronouncements and court decisions. For example, The Tax Cut and Jobs Act, H.R.1, signed by the President on December 22, 2017, eliminated the alternative minimum tax on corporations for tax years beginning January 1, 2018, and changed individual and corporate tax rates and deductions. These changes to Federal tax law may also change the benefit of tax exempt bond ownership. Such Federal legislative proposals are continually being proposed and introduced into Congress which, if enacted, would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment, including limiting the exclusion from gross income on tax exempt bonds for higher income taxpayers. The enactment of such proposals may adversely affect the tax treatment of: the interest paid on the Bonds, their sale or disposition, market price, marketability, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur or that they will not be made retroactive. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchasers and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.

Appendix C

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF WALLINGFORD, CONNECTICUT

Dated As Of March 27, 2019

In Connection With The Issuance And Sale Of

\$16,650,000 Town Of Wallingford, Connecticut

General Obligation Bonds, Issue of 2019,

Dated March 27, 2019

WHEREAS, the Town of Wallingford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$16,650,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2019 (the "Bonds") to be dated March 27, 2019 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

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

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

2) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in 1) above:

- (a) the amounts of the gross and net taxable grand list;
- (b) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (c) the percentage or amount of the annual property tax levy collected and uncollected;
- (d) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(e) a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);

(f) the direct debt and overall net debt of the Issuer per capita;

(g) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;

(h) a statement of statutory debt limitations and debt margins;

(i) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(A) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

a) principal and interest payment delinquencies;

b) non-payment related defaults, if material;

- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;
- e) substitution of credit or liquidity providers, or their failure to perform;
- f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- g) modifications to rights of security holders, if material;
- h) bond calls, if material, and tender offers;
- i) defeasances;
- j) release, substitution or sale of property securing repayment of the securities, if material;
- k) rating changes;
- l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material;
- p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

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

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

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

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

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

[Signature Page Follows]

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF WALLINGFORD, CONNECTICUT

Dated As Of March 27, 2019

In Connection With The Issuance And Sale Of

\$16,650,000 Town Of Wallingford, Connecticut

General Obligation Bonds, Issue of 2019,

Dated March 27, 2019

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

TOWN OF WALLINGFORD, CONNECTICUT

By _____
William W. Dickinson, Jr.
Mayor

By _____
James M. Bowes
Comptroller

Appendix D

Notice of Sale

NOTICE OF SALE

\$16,650,000

TOWN OF WALLINGFORD, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2019

NOT BANK QUALIFIED

ELECTRONIC BIDS via **PARITY®** only will be received by the Town of Wallingford, Connecticut (the "Issuer") until:

**11:30 A.M. (E.D.T.)
Wednesday, March 13, 2019**

for the purchase of \$16,650,000 Town of Wallingford General Obligation Bonds, Issue of 2019, maturing March 1 in each of the years as follows:

Year	Amount	Year	Amount
2020	\$830,000	2030	\$835,000
2021	\$830,000	2031	\$835,000
2022	\$830,000	2032	\$835,000
2023	\$830,000	2033	\$835,000
2024	\$830,000	2034	\$835,000
2025	\$830,000	2035	\$835,000
2026	\$830,000	2036	\$835,000
2027	\$830,000	2037	\$835,000
2028	\$830,000	2038	\$835,000
2029	\$830,000	2039	\$835,000

bearing interest payable semi-annually on March 1 and September 1 in each year until maturity, commencing September 1, 2019 (the "Bonds"). Interest shall be computed on the basis of 360-day year consisting of twelve 30-day months.

Redemption

The Bonds maturing on or before March 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on March 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after March 1, 2025, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may determine, at the redemption price or 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 Price</u>
From:	March 1, 2025 and thereafter	100%

Book-Entry/Denominations

The Bonds will be dated March 27, 2019 and 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, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. The book-entry system will evidence ownership of the Bonds in the minimum principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Submitting Proposals

Proposals for the purchase of said Bonds must be in the form of proposal for purchase attached hereto. Each bid must be for the entire \$16,650,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. No bid for less than par and accrued interest will be considered. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purposes of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 27, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to March 27, 2019, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four

decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY**[®] until 11:30 A.M. (E.D.T.) on Wednesday, March 13, 2019. 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**[®], c/o i-Deal LLC, 1359 Broadway, 2nd Floor New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Issuer 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 Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY**[®], the bidder represents and warrants to the Issuer 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 Issuer 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 Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY**[®] prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer 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 Issuer or **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All cost 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 Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the 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 shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time.

Award

The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (Hartford time) on March 13, 2019. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Legal Opinion

The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge.

The Bonds will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to 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. There was, however, no such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay to the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The legal opinion will further state that, under existing statutes and court decisions interest on the Bonds (i) is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific preference item for purposes of the Federal alternative minimum tax.

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

In rendering the legal opinion, Joseph Fasi LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Bonds, and further, will assume continuing compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

No opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on, the **Bonds** will be expressed.

See “Form of Opinion of Bond Counsel and Tax Matters” herein.

Issue Price Establishment and Certification

By submitting a bid each bidder agrees and is obligated to provide to the Issuer prior to closing an Issue Price Certificate in accordance with this Notice of Sale.

10% Sales Test or Hold-the-Offering-Price Rule to Apply if Competitive Sale Requirements are Not Satisfied.

Summary: To establish issue price the Issuer expects the sale of the Bonds to qualify under the competitive sale provisions of Treasury Regulation Section 1.148-1(f)(3)(i) and to establish the issue price pursuant to the competitive sale regulations.

In the event, in the opinion of Bond Counsel, the competitive sale regulations are not satisfied either the general rule of Treasury Regulation Section 1.148-1(f)(2) establishing the issue price as the first price at which 10% of each maturity is sold to the public (“General Rule”), or, the Hold-the-Offering-Price Rule, will apply. The winning bidder will communicate in writing to the Issuer the Issue Price Rule to be applied to each maturity before the close of business on the date of the sale. If no selection is made the Hold-the-Price Rule will apply

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

This Summary is qualified by the Terms of Issue Price Establishment and Certification of this Notice of Sale as follows:

Establishment of Issue Price: The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer 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, in the form attached hereto as Notice of Sale Exhibits A-1 or A-2 (depending on the method of issue price determination).

All actions to be taken by the Issuer under this notice of sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by its Municipal Advisor. Any notice or report to be provided to the Issuer shall be provided to the Issuer’s Bond Counsel.

Competitive Sale: The Issuer 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:

- (i) the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the Issuer 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, and by submitting a bid, a bidder is representing that it has an established industry reputation for underwriting new issuances of municipal bonds.

Failure to Meet Competitive Sale Requirements: In the event that the competitive sale regulations are not satisfied, the Issuer shall so advise the winning bidder. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to either the 10% Rule or the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

If the Competitive Sale Rule requests are not met, the winning bidder will notify the Municipal Advisor and Bond Counsel in writing before 5:00 P.M. (Hartford time) on the day of the award of the Issue Price Rule to be applied to each maturity of the Bonds. Failure to do so will result in application of the Hold-the-Offering-Price Rule.

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 Issuer (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 Issuer to the winning bidder.

Documentation to Winning Bidders

In addition to Bond Counsel’s opinion, the winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to said firm, a confirmed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

Certifying/Paying Agent

The Bonds will be certified by U.S. Bank National Association.

Bank Qualification

The Bonds **shall NOT** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Delivery and Payment

The Bonds will be delivered to DTC or its Agent via "Fast" on or about March 27, 2019. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser. The Issuer's Municipal Advisor will apply for CUSIP numbers in accordance with MSRB Rule G-34. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the Issuer's Municipal Advisor to obtain such numbers and to supply them to the Issuer in a timely manner, the purchaser's failure to pay CUSIP charges or any other CUSIP assignment failure or delay.

Deemed Final; Pricing Information

The Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Issuer will provide to the winning bidder 25 copies of the Official Statement prepared at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain listed events; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or

prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

More Information

For more information regarding this issue and the Issuer, reference is made to the Official Statement. Bid forms and copies of the Official Statement dated March 6, 2019, may be obtained from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, (203) 878-4945.

William W. Dickinson, Jr.
Mayor

James M. Bowes
Comptroller

March 6, 2019

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS
ONLY Electronic Bids via **PARITY**® Accepted

March 13, 2019

William W. Dickinson, Jr., Mayor
James M. Bowes, Comptroller
Town of Wallingford
c/o Phoenix Advisors, LLC
53 River Street
Milford, Connecticut 06460

Gentlemen:

Subject to the provisions of the Notice of Sale dated March 6, 2019, which Notice is made a part of this proposal, we offer to purchase all \$16,650,000 bonds of the Town of Wallingford, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2020	\$830,000	_____%	2030	\$835,000	_____%
2021	\$830,000	_____%	2031	\$835,000	_____%
2022	\$830,000	_____%	2032	\$835,000	_____%
2023	\$830,000	_____%	2033	\$835,000	_____%
2024	\$830,000	_____%	2034	\$835,000	_____%
2025	\$830,000	_____%	2035	\$835,000	_____%
2026	\$830,000	_____%	2036	\$835,000	_____%
2027	\$830,000	_____%	2037	\$835,000	_____%
2028	\$830,000	_____%	2038	\$835,000	_____%
2029	\$830,000	_____%	2039	\$835,000	_____%

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

The following is our computation of the interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$16,650,000 bonds under the foregoing proposal:

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Percent True Interest Cost	_____ %
	(Four Decimals)

NOTICE OF SALE EXHIBIT A-1

COMPETITIVE SALE ISSUE PRICE CERTIFICATE

**\$16,650,000 TOWN OF WALLINGFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2019
Delivery Date: March 27, 2019**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”) hereby certifies as set forth below with respect to the sale and issuance 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 the Underwriter are the prices listed in Schedule A (the “Expected Offering Prices”) attached hereto. The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds. (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid. (c) The bid submitted by the [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds in accordance with the specified written terms contained in the Notice of Sale published by the Issuer.

2. [SHORT NAME OF UNDERWRITER] believes it has an established industry reputation for underwriting new issuances of municipal bonds.

3. ***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 Wednesday, March 13, 2019. (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate, including the members of an underwriting group) 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 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 Regulatory Agreement

and with respect to compliance with the federal income tax rules affecting the Bonds, and by Joseph Fasi LLC, 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 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By:_____

Name:_____

Title:_____

Dated: March 27, 2019

SCHEDULE A EXPECTED OFFERING PRICES *(To Be Attached)*

SCHEDULE B COPY OF UNDERWRITER'S BID *(To Be Attached)*

NOTICE OF SALE EXHIBIT A-2

COMBINATION GENERAL RULE AND HOLD-THE-OFFERING-PRICE RULE ISSUE PRICE CERTIFICATE

\$16,650,000 TOWN OF WALLINGFORD, CONNECTICUT GENERAL OBLIGATION BONDS, ISSUE OF 2019 Delivery Date: March 27, 2019

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”)[the “Representative”][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

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

2. ***Initial Offering Price of the Bonds.***

(a) [SHORT NAME OF UNDERWRITER] [the Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the Underwriting Group] has[have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (Wednesday, March 13, 2019), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Town of Wallingford, Connecticut

(e) *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.

(f) *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.

(g) *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 March 13, 2019.

(h) *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 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 Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Joseph Fasi LLC, 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 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[PurchaserUC]

By:_____

Name:_____

Title:_____

Dated: March 13, 2019

**SCHEDULE A SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL
OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(To Be Attached)

SCHEDULE B PRICING WIRE *(To Be Attached)*

{This page intentionally left blank}