

Preliminary Official Statement Dated July 9, 2019

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: See "Ratings" herein.

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals. In the opinion of Bond Counsel, under existing statutes, interest on the Notes 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. (See "Tax Exemption of the Notes" herein.)



Town of Bethel, Connecticut \$15,990,000 General Obligation Bond Anticipation Notes

Dated: July 25, 2019
Rate: ___%

Due: July 24, 2020
Yield: ___%
CUSIP:¹ 086743___

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated July 9, 2019. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Notes are not subject to redemption prior to maturity.

Telephone bids and electronic bids via PARITY® will be received for the Notes until 11:30 A.M. (Eastern Time) on Tuesday, July 16, 2019 at Clifford J. Hurgin Municipal Center, First Selectman's Office, 1 School Street, Bethel, Connecticut 06801. Telephone bids will be received until 11:30 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, the Town's Municipal Advisor on the sale date at (203) 283-1110.

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

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

The Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about July 25, 2019.

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



No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes 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 Notes 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 Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “2018 Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

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

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Note Issue Summary

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

Date of Sale:	Tuesday, July 16, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	Clifford J. Hurgin Municipal Center, First Selectman's Office, 1 School Street, Bethel, Connecticut 06801.
Issuer:	Town of Bethel, Connecticut (the "Town").
Issue:	\$15,990,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	Date of Delivery
Principal Due:	At maturity: July 24, 2020
Interest Due:	At maturity: July 24, 2020
Purpose:	The Note proceeds will be used to provide funds for various general purpose and school projects.
Redemption:	The Notes are <u>NOT</u> subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	No application for a rating on the Notes has been made to S&P Global Ratings.
Note Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Tax Exemption:	See Appendix B - "Form of Opinion of Bond Counsel".
Bank Qualification:	The Notes <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
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, notices of certain events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Barry Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut. Email: bbernabe@muniadvisors.com Telephone (203) 283-1110.
Legal Opinion:	Pullman & Comley LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 25, 2019. Delivery of the Notes will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Mr. Robert V. Kozlowski, Comptroller, 1 School Street, Bethel, Connecticut 06801, Telephone: (203) 794-8513.

I. Note 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 Bethel, Connecticut (the "Town"), in connection with the issuance and sale of \$15,990,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Notes are being offered for sale at public bidding. The Notice of Sale dated July 9, 2019 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D, for the terms and conditions of the bidding.

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

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

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

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

Municipal Advisor

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

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

Description of the Notes

The Notes will be dated July 25, 2019 and will be due and payable as to both principal and interest at maturity, July 24, 2020. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System". The Notes are not subject to redemption prior to maturity.

Authorization and Purpose

The Notes are issued pursuant to Titles 7 and 10, as applicable, of the General Statutes of the State of Connecticut, as amended, the Town Charter of the Town of Bethel, and certain bond resolutions adopted by the Town at various Town Meetings and Town Referendums.

Use of Proceeds

The Notes are being issued to provide financing for the following projects:

Project	Amount Authorized	This Issue:
		The Notes Due: 7/24/20
General Capital Improvements 2016-2017	\$ 1,438,000	\$ 990,000
School Renovations* (Rockwell & Johnson)	65,831,143	15,000,000
Total	\$ 67,269,143	\$ 15,990,000

* The Town expects 46% state grant reimbursement on eligible expenses.

School Projects

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

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

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

Book-Entry-Only Transfer System

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

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes 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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

DTC Practices

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

Replacement Securities

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

Security and Remedies

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

Payment of the Notes 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 Notes.

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

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

Enforcement of a claim for payment of principal of or interest on such bonds would also be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the U.S. Congress or the Connecticut General Assembly extending to the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Connecticut General Statutes Section 7-566 provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior consent of the Governor. This prohibition applies to any town, borough, metropolitan district or any other political subdivision of the State having power to levy taxes or issue bonds or other obligations.

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

Qualification for Financial Institutions

The Notes 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 Notes.

Availability of Continuing Information

The Town prepares, in accordance with State law, annual independent audited financial statements and files such annual reports with the State Office of Policy and Management on an annual basis.

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 Notes and notices of the occurrence of certain events with respect to the Notes pursuant to Continuing Disclosure Agreements to be executed by the Town substantially in the forms set forth in Appendices C-1 and C-2 to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information, operating data, and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has complied, in all material respects, with its undertakings under such agreements.

Ratings

No application for a rating on the Notes has been made to S&P Global Ratings ("S&P"). The Town's current outstanding bond rating is "AAA" by S&P. The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town's bonds and notes.

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

Note Insurance

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

Tax Exemption of the Notes

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

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

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

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

Other Federal Tax Matters. Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the forgoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Notes.

SECTION II – THE ISSUER



Connecticut

Description of the Town

The Town is located in northern Fairfield County, bordered on the east by Newtown, the west by Danbury, the north by Brookfield, and the south by Redding, and encompasses an area of 17 square miles. Bethel is located midway between the major metropolitan areas of New York City and Hartford. The Town is traversed by state highways 53, 58, 302, and Interstate 84. Because of its location, the Town has experienced considerable growth over the past several years.

Form of Government

The Town is governed by a Board of Selectmen, Board of Finance and Town Meetings. The First Selectman is the Chief Executive Officer of the Town.

Principal Municipal Officials

<i>Position</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Term of Office</i>
First Selectman	Matt Knickerbocker	Elected	12/17 – 12/19
Selectman	Richard Straiton	Elected	12/17 – 12/19
Selectman	Paul Szatkowski	Elected	12/17 – 12/19
Chairman, Board of Finance	Robert L. Manfreda, Jr.	Elected	12/17 – 12/21
Comptroller	Robert V. Kozlowski	Appointed	8/10 – Indefinite
Treasurer	Patricia Smithwick	Elected	12/17 – 12/19
Town Clerk	Lisa Bergh	Elected	12/17 – 12/21

Summary of Municipal Services

Police Protection: The Town has a full-time police force consisting of 38 sworn police officers including one chief, one captain, two lieutenants, four sergeants, one detective sergeant, one youth officer and a school resource officer. The police station is located in the geographic center of Town and last underwent extensive renovations in 1988. The department operates twenty-one vehicles patrolling Town roads of 85 miles. The Chief of Police is responsible for the day-to-day operations of the department. An elected five-member Board of Police Commissioners, with the First Selectman serving as the fifth member and its chairman, is responsible for overall administration.

Fire Protection: Fire protection covering all areas of the Town is provided by two volunteer fire departments, each located at strategic points in Town. The Bethel Fire Department is located in the downtown area, and the Stony Hill Fire Department is located in the more rural Route 6 area. Each department is equipped with the latest in fire-fighting equipment and a total force of 111 firefighters. Ambulance services are also provided on a volunteer basis, coordinated through each department. The Town also participates in a regional paramedic intercept program encompassing the towns of Bethel and Redding. This program provides a qualified, trained paramedic equipped with modern medical technology 24 hours a day, 7 days a week, to serve the needs of the two communities. The service is designed to intercept local ambulances en route to the hospital when advanced medical treatment is required. Both companies belong to a mutual aid system and have a central dispatch center for all calls. Each department elects a Fire Chief and other administrative officers to oversee the day-to-day operations.

Public Works: The Department of Public Works consists of seven Town departments. They are the Highway Department, Engineering, Building Maintenance, Tree Warden, Water Department, Sewer Department, and Solid Waste Removal. The services that each provide is as follows:

Highway Department: Maintenance of Town roads, including repair, sweeping, snow removal, and removal of debris.

Engineering: Design or review of all projects requiring engineering services.

Building Maintenance: Maintenance of all Town buildings including schools.

Tree Warden: Care and maintenance of all Town trees and removal of diseased or dead trees and limbs along Town roads.

Water Department: The Town owns and operates its own water company serving 3,426 households. It is responsible for the source, purification and distribution of its water supply. The Town water company operates two treatment facilities, owns three reservoirs, and maintains about forty miles of distribution lines.

Sewer Department: The Town currently operates and maintains seven pumping stations and 45 miles of transmission lines serving approximately 4,000 customers. It is responsible for the pumping of approximately 1,100,000 gallons of sewage per day to the City of Danbury waste water treatment facility.

Solid Waste: A transfer station facility is operated three and one-half days a week for the collection of solid waste generated within the Town. The waste is then hauled to a regional disposal plant located in another community. A program for salvaging and/or recycling metal, paper, glass and waste oil is in operation.

The day-to-day administration of the Public Works Department is the responsibility of the Public Works Director. With the exception of solid waste removal, each department also employs a full-time superintendent. The overall administration of the Public Works Department is vested in a five-member Public Works and Utilities Commission, which includes the three Selectmen.

Public Health and Social Services: The Town employs a full-time Health Director and Social Service Director, as well as a full-time Senior Citizen Director and part-time Municipal Agent. The Health Director is appointed by the Board of Selectmen with the approbation of the State Health Department and is responsible for the health of residents of the community and enforcing state and local public health laws. The Director of Social Services' major responsibilities include counseling services, disbursement of Town financial assistance to the needy and development and coordination of needed social services.

The Senior Center Director is responsible for the day-to-day operation of the Bethel Senior Center, coordination of center activities, counseling services and programs. Overall administration of the Senior Center is vested in the Commission on Aging, a five-member board appointed by the Board of Selectmen.

The Municipal Agent is appointed by the First Selectman. The agent’s primary responsibility is to be a liaison between the senior citizens and the various agencies providing social and health services. In addition to the foregoing departments the Town appropriates funds to various private organizations to supplement services not provided by full-time Town personnel.

Library: The Town maintains a free public library employing a full-time Director of Library Services. Services provided are preschool programs, a reference service, bibliomation and numerous other library programs. The Library, located in the central business district of Town, currently has over 118,000 volumes on hand. Overall administration of the library is vested in the twelve-member Library Board of Directors, appointed by the Board of Selectmen.

Recreation: Programs in the Parks and Recreation Department take place at all outside recreational facilities as well as the five school buildings and the Bethel Municipal Center. Also, some programs such as snow skiing and the swim team are held at nearby facilities outside of the Town. Programs are planned and administrated by a full-time Recreation Program Director who reports to a full-time Parks and Recreation Director. Maintenance of park and recreation facilities is the responsibility of the Parks and Recreation Director who supervises a staff of three full-time maintenance and several seasonal employees. Overall administration of the Parks and Recreation Department is vested in a seven-member Recreation Commission appointed by the Board of Selectmen.

Education: The Board of Education of the Town is required by state law to submit an annual budget to the Board of Finance. The school budget is included with the Town’s General Fund operating budget and submitted to the Annual Town Meeting for budget consideration and final approval. The school budget cannot be amended by line item by either the Board of Finance or the Town Meeting. Only the total amount of the budget may be changed. The Bethel Board of Education is responsible for the three elementary schools, which serve grades pre-K through five, the Bethel Middle School, which serves grades 6–8, and the Bethel High School serving grades 9–12. All schools are in the Bethel Educational Park located in the geographic center of Town. The Superintendent of Schools is responsible for the day-to-day operations of the school system. Overall administration of the education system is the responsibility of a nine-member elected Board of Education.

Municipal Employees and Collective Bargaining

	2019	2018	2017	2016	2015
General Government	227	227	224	242	246
Board of Education	446	442	444	445	434
Total	673	669	668	687	680

Employers	Bargaining Organizations	Positions Covered	Current Contract Expiration Date
Board of Education			
Administrators	BAA	14	6/30/2020
Certified Staff	BEA	276	6/30/2022
Secretaries/Clerk Typist	AFSCME	24	6/30/2020
Nurses	SNA	6	6/30/2022
Paraprofessionals	UPSEA	59	6/30/2020
Custodians	Teamsters	22	6/30/2022
Cafeteria	BCW	24	6/30/2021
Non-Bargaining	N/A	21	N/A
Total Board of Education Employees		446	
Town Groups			
Highway Department	AFSCME	15	6/30/2019 ¹
Police Department	UPSEU	35	6/30/2018 ¹
Building Maintenance	AFSCME	5	6/30/2019 ¹
Police Dispatchers – Clerical	UPSEU	13	6/30/2020
Recreation Department	AFSCME	4	6/30/2019 ¹
Transfer Station	AFSCME	2	6/30/2019 ¹
Administrative Clerical	CSEA	20	6/30/2019 ¹
Public Utilities	AFSCME	4	6/30/2019 ¹
Non-Bargaining	Classified Service	30	N/A
Non-Bargaining	Volunteer Firefighters	119	N/A
Total General Government Employees		247	

¹ In negotiation.

Source: Town of Bethel, Finance Department

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

**Educational System
School Enrollments**

School Year	<u>Historical</u>			Special	Total
	PreK-5	6-8	9-12	Education	
2009-2010	1,353	705	987	30	3,075
2010-2011	1,296	684	959	25	2,964
2011-2012	1,329	693	949	21	2,992
2012-2013	1,332	684	959	21	2,996
2013-2014	1,384	672	933	17	3,006
2014-2015	1,344	696	891	17	2,948
2015-2016	1,405	656	897	17	2,975
2016-2017	1,418	683	883	17	3,001
2017-2018	1,473	659	915	17	3,064
2018-2019	1,436	745	909	17	3,107
School Year	<u>Projected</u>				Total
2019-2020	1,413	747	932	18	3,110
2020-2021	1,400	740	967	18	3,125
2021-2022	1,400	740	992	18	3,150

Source: Town of Bethel, Superintendent's Office

School Facilities

School	Grades	Year Constructed (Last Remodeled)	Number of Classrooms	10/1/2018 Enrollment ¹	Rated Capacity
High School	9-12	1970 (1978, 2009)	70	926	1,200
Middle School	6-8	1991	56	745	868
Berry School	Pre-K-3	1953 (2001)	36	524	625
Rockwell School	K-3	1971 (1979)	27	428	600
Johnson School	4-5	1980	34	484	725
Total			223	3,107	4,018

¹ Excludes Special Education out-of-district placements.

Source: Town of Bethel, Superintendent's Office

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SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population Trends and Densities

Year	Actual		
	Population ¹	% Increase	Density ²
2017 ³	19,526	5.1%	1,155.4
2010	18,584	2.9%	1,099.6
2000	18,067	3.0%	1,069.1
1990	17,541	9.6%	1,037.9
1980	16,004	46.2%	947.0
1970	10,945	-	647.6

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

² Per square mile: 16.9 square miles.

³ American Community Survey 2013-2017

Age Distribution of the Population

Age	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	967	5.0%	186,188	5.2%
5 to 9 years	1,293	6.6	206,536	5.7%
10 to 14 years	1,279	6.6	225,831	6.3%
15 to 19 years	1,218	6.2	249,777	6.9%
20 to 24 years	1,121	5.7	245,849	6.8%
25 to 34 years	1,933	9.9	439,239	12.2%
35 to 44 years	2,427	12.4	433,401	12.1%
45 to 54 years	3,586	18.4	535,611	14.9%
55 to 59 years	1,520	7.8	266,501	7.4%
60 to 64 years	1,312	6.7	229,788	6.4%
65 to 74 years	1,820	9.3	318,515	8.9%
75 to 84 years	719	3.7	167,133	4.6%
85 years and over	331	1.7	90,109	2.5%
Total	19,526	100%	3,594,478	100%
Median Age (Years) 2017.....	43.2		40.8	

Source: American Community Survey 2013-2017

Income Levels

	Town of Bethel	State of Connecticut
Per Capita Income, 2017.....	\$ 45,171	\$ 41,365
Median Family Income, 2017.....	\$ 112,344	\$ 93,800
Percent Below Poverty (Families), 2017.....	1.20%	7.00%

Source: American Community Survey 2013-2017

Income Distribution

Income	Town of Bethel		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	25	0.5%	27,787	3.1%
10,000 - 14,999.....	35	0.7	16,143	1.8%
15,000 - 24,999.....	143	2.8	41,072	4.6%
25,000 - 34,999.....	166	3.2	52,218	5.8%
35,000 - 49,999.....	420	8.2	82,371	9.2%
50,000 - 74,999.....	700	13.7	134,356	15.0%
75,000 - 99,999.....	594	11.6	122,244	13.6%
100,000 - 149,999.....	1,463	28.5	186,352	20.8%
150,000 - 199,999.....	764	14.9	100,359	11.2%
200,000 and over.....	816	15.9	132,765	14.8%
Total.....	5,126	100.0%	895,667	100.0%

Source: American Community Survey 2013-2017

Educational Attainment

Years of School Completed – Age 25 and Over

	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	400	2.9%	104,623	4.2%
9th to 12th grade.....	547	4.0	137,877	5.6
High School graduate.....	3,271	24.0	673,582	27.2
Some college, no degree.....	2,519	18.5	422,535	17.0
Associate's degree	961	7.0	188,481	7.6
Bachelor's degree.....	3,718	27.2	532,055	21.5
Graduate or professional degree.....	2,232	16.4	421,144	17.0
Total.....	13,648	100.0%	2,480,297	100.0%
Total high school graduate or higher (%).....		93.1%		90.2%
Total bachelor's degree or higher (%).....		43.6%		38.4%

Source: American Community Survey 2013-2017

Major Employers As of July 2019

Employer	Type of Business	Number of Employees
Bethel Healthcare.....	Healthcare Services	249
Duracell	Consumer Products	300
Memry Corp.	Medical & Technology Devices	230
Big Y	Supermarket	167
Bethel Food	Supermarket	154
Target.....	Retail Store	165
Eaton Corporation	Aerospace Research	143
Maplewood Nursing Home.....	Health Facility	107

Source: Town of Bethel Finance Department.

Labor Force Data

Period	Percentage Unemployed				
	Town of Bethel		Town of Bethel	Bridgeport- Stamford	State of Connecticut
	Employed	Unemployed		Labor Market	
April 2019.....	10,464	289	2.7%	3.2%	3.2%
Annual Average					
2018.....	10,504	377	3.5	4.1	4.1
2017.....	10,522	437	4.0	4.7	4.7
2016.....	10,299	478	4.4	5.2	5.3
2015.....	10,203	500	4.7	5.5	5.6
2014.....	10,511	567	5.1	5.3	6.7
2013.....	10,287	685	6.2	6.2	7.9
2012.....	10,202	717	6.6	6.7	8.3
2011.....	10,264	758	6.9	7.0	8.8
2010.....	9,974	834	7.7	7.7	9.0
2009.....	10,025	798	7.4	7.3	8.2

Source: State of Connecticut, Department of Labor.

Industry Classification

Sector	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	22	0.2%	7,166	0.4%
Construction.....	724	6.7	104,122	5.8
Manufacturing.....	1143	10.6	191,519	10.6
Wholesale trade.....	316	2.9	44,741	2.5
Retail trade.....	1207	11.2	193,016	10.7
Transportation warehousing, and utilities....	425	4.0	68,926	3.8
Information.....	225	2.1	42,200	2.3
Finance, insurance, real estate, and leasing..	844	7.9	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	1468	13.7	208,130	11.5
Education, health and social services.....	2,580	24.0	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	866	8.1	153,679	8.5
Other services (except public admin.).....	600	5.6	82,538	4.6
Public Administration.....	321	3.0	67,156	3.7
Total Labor Force, Employed.....	10,741	100%	1,805,086	100.0%

Source: American Community Survey 2013-2017

Building Permits

Fiscal Year Ending 6/30	Residential		Industrial / Commercial		Total	
	Number	Value	Number	Value	Number	Value
2019 ¹	302	\$ 27,012,624	44	\$ 85,836,540 ²	346	\$ 112,849,164
2018 ¹	207	40,938,436	37	17,303,127	244	58,241,563
2017	233	13,660,232	55	7,185,836	288	20,846,068
2016	300	16,120,688	40	1,565,678	340	17,686,366
2015	209	14,150,504	41	2,796,391	250	16,946,895
2014	89	16,685,847	4	10,790,020	93	27,475,867
2013	41	8,797,119	1	121,500	42	8,918,619
2012	36	8,306,190	1	135,000	37	8,441,190
2011	60	12,615,988	-	-	60	12,615,988
2010	61	13,233,733	3	592,050	64	13,825,783

¹ In 2018, the Town recently changed the formula for how to calculate the dollar value. The Town now uses the national average for construction costs.

² \$48,750,000 of this value represents schools.

Source: Town of Bethel, Building Department.

Age Distribution of Housing

Year Built	Town of Bethel		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,216	16.1%	338,011	22.4%
1940 to 1969.....	2,532	33.5	535,477	35.5
1970 to 1979.....	1,813	24.0	200,217	13.3
1980 to 1989.....	956	12.7	191,939	12.7
1990 to 1999.....	504	6.7	114,261	7.6
2000 or 2009.....	351	4.6	105,131	7.0
2010 or later.....	182	2.4	22,675	1.5
Total Housing Units	7,554	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Housing Units by Type of Structure

Housing Units	Town of Bethel		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,206	68.9%	892,621	59.2%
1-unit, attached.....	672	8.9	81,393	5.4
2 units.....	505	6.7	123,040	8.2
3 or 4 units.....	274	3.6	130,914	8.7
5 to 9 units.....	526	7.0	82,787	5.5
10 to 19 units.....	225	3.0	56,540	3.8
20 or more units.....	146	1.9	128,477	8.5
Mobile home.....	-	-	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
Total Inventory.....	7,554	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Owner-Occupied Housing Units

Specified Owner-Occupied Units	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	96	1.7%	24,038	2.7%
\$50,000 to \$99,000.....	16	0.3	29,789	3.3
\$100,000 to \$149,999.....	148	2.6	83,320	9.2
\$150,000 to \$199,000.....	452	8.1	141,024	15.6
\$200,000 to \$299,999.....	1,390	24.8	244,356	26.9
\$300,000 to \$499,999.....	2,814	50.3	236,671	26.1
\$500,000 to \$999,999.....	589	10.5	106,192	11.7
\$1,000,000 or more.....	93	1.7	41,408	4.6
Total.....	5,598	100.0%	906,798	100.0%
Median Value.....	\$333,900		\$270,100	

Source: American Community Survey 2013-2017

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SECTION IV – TAX BASE DATA

Property Tax

Assessment Practices

Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must complete a revaluation every five years and a revaluation by physical inspection every 10 years. The Town last completed revaluation on the October 1, 2017 Grand List. The next revaluation will be required for the assessment year commencing October 1, 2022.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

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

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

Motor vehicle lists are finished to the Town by the State of Connecticut and appraisals are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management ("OPM"). Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle has been included on the October 1 Grant List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicles replaces a motor vehicle that was taxed on the October Grant List, the taxpayer is entitled to certain credits.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property and creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year October 1, 2016 (the Fiscal Year ending June 1, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the Fiscal Year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2018 (the Fiscal Year ending June 30, 2020) is 32.00 mills.

The Town has not approved the use of Section 12-124a of the Connecticut General Statutes which 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.

Tax Levy

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

Comparative Assessed Valuations Taxable Grand List (in thousands)

Grand List as of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Percent (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2018	66.7	13.8	3.2	8.9	7.3	\$ 2,073,552	\$ 33,256	\$ 2,040,296	1.69%
2017 ¹	67.0	14.1	3.3	8.3	7.2	2,036,434	29,983	2,006,451	3.24%
2016	67.0	13.9	3.2	8.5	7.3	1,970,716	27,182	1,943,534	1.34%
2015	67.0	14.2	3.3	8.2	7.3	1,947,539	29,662	1,917,877	1.41%
2014	67.0	14.3	3.2	8.1	7.4	1,921,898	30,667	1,891,231	1.40%
2013	66.9	14.1	3.3	8.3	7.5	1,895,289	30,132	1,865,157	0.66%
2012 ¹	66.8	14.4	3.2	8.2	7.4	1,882,948	30,061	1,852,887	-20.84%
2011	71.2	13.2	3.3	6.5	5.8	2,372,331	31,521	2,340,810	1.21%
2010	71.2	13.5	3.5	6.4	5.5	2,344,195	31,362	2,312,833	0.74%
2009	70.8	13.8	3.8	6.3	5.4	2,322,072	26,333	2,295,739	0.39%

¹ Revaluation.

Source: Town of Bethel Assessor's Office

Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power Co.	Utility	\$ 85,904,520	4.21%
Berkshire Hathaway (Duracell Inc.) ²	Battery Manufacturer	47,301,750	2.32%
Steiner, Inc.	Real Estate	15,692,960	0.77%
Bethel Associates, L.P.	Health Care	12,223,530	0.60%
Target Corporation ²	Department Store	11,411,000	0.56%
CE Bethel LLC	Shopping Plaza	14,064,960	0.69%
Toll Brothers CT II	Real Estate Developer	9,407,920	0.46%
RMS Bethel LLC	Commercial Real Estate	12,879,270	0.63%
BFM L.P.	Shopping Plaza	9,475,920	0.46%
Omega Healthcare.....	Health Care	8,973,640	0.44%
Total		\$ 227,335,470	11.14%

¹ Based on Net Taxable Grand List of October 1, 2018 of \$2,040,296,000.

² Berkshire Hathaway (Duracell Inc.) and Target Corporation are currently appealing their assessed values determined as a part of the October 1, 2017 revaluation.

Source: Town of Bethel, Assessor's Office

Property Tax Levies and Collections

Grand List 10/1	Fiscal Year	Net Taxable Grand List (000's)	Tax Rate (Mills)	Adjusted Tax Levy	Percent Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent Annual Levy Uncollected at End of Fiscal Year	Percent Annual Levy Uncollected As of 6/30/19
2018	2020 ¹	\$ 2,040,296	33.41	\$ 67,410,366			<i>In Collection</i>
2017	2019 ¹	2,006,451	32.87	65,057,726	99.23	0.77	0.77
2016	2018	1,943,534	32.88	63,745,600	99.37	0.63	0.49
2015	2017	1,917,877	32.17	61,545,662	99.02	0.98	0.40
2014	2016	1,891,231	32.18	60,745,363	98.85	1.15	0.22
2013	2015	1,865,157	32.11	59,950,753	98.71	1.29	0.04
2012	2014	1,852,887	31.50	57,291,339	98.83	1.17	0.01
2011	2013	2,340,810	24.07	56,056,266	98.75	1.25	0.01
2010	2012	2,312,833	23.24	52,657,934	98.84	1.16	0.01
2009	2011	2,295,739	22.44	50,571,935	98.65	1.35	0.00

¹ Subject to audit.

Source: Town of Bethel, Tax Collector's Office and Town's Audit Reports.

Property Taxes Receivable

Fiscal Year	Fiscal Year		Total
	Ended 6/30	Current Year	
2019 ¹	\$ 705,664	\$ 966,015	
2018	598,268	797,586	
2017	604,838	793,654	
2016	700,153	1,096,422	
2015	772,022	974,384	
2014	669,665	908,765	
2013	702,536	935,414	
2012	611,221	835,923	
2011	987,965	1,024,200	
2010	684,755	908,706	

¹ Subject to audit.

Source: Town of Bethel, Assessors Office

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SECTION V – DEBT SECTION

**Outstanding Bonded Debt
Pro Forma
As of July 25, 2019**

Date	Purpose	Interest Rate %	Original Issue	Outstanding	Fiscal Year of Maturity
05/13/10	Schools	3.00–5.00	\$ 4,643,000	\$ 1,080,000	2023
05/13/10	General Purpose	3.00–5.00	3,782,000	495,000	2023
05/14/14	General Purpose - Series A	2.00-3.00	1,630,000	1,630,000	2023
05/14/14	Sewers - Series B ¹	2.00-3.25	2,975,000	2,190,000	2032
04/14/15	Schools	1.00-5.00	18,405,000	14,880,000	2035
04/14/15	Sewers ¹	1.00-5.00	12,010,000	9,690,000	2035
11/15/18	General Purpose	3.00–5.00	17,935,755	17,935,755	2039
11/15/18	Schools	3.00–5.00	2,064,245	2,064,245	2039
Total			\$ 63,445,000	\$ 49,965,000	

¹ Enterprise Fund debt supported by assessments and sewer user charges.

**Outstanding Short-term Debt
Pro Forma
As of July 25, 2019**

Project	Amount Authorized	Maturing Notes Due: 7/25/19	New Money / (Paydowns)	This Issue: The Notes Due: 7/24/20
General Capital Improvements 2014-2015	\$ 2,433,145	\$ 1,000,830	\$ (1,000,830)	\$ -
General Capital Improvements 2015-2016	1,923,808	1,831,713	(1,831,713)	-
General Capital Improvements 2016-2017	1,438,000	992,457	(2,457)	990,000
School Renovations* (Rockwell & Johnson)	65,831,143	10,000,000	5,000,000	15,000,000
Total	\$ 71,626,096	\$ 13,825,000	\$ 2,165,000	\$ 15,990,000

Clean Water Fund Program

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

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Grant and Project 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 payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Project Grant and Project Loan Agreement, the first year’s date, and thereafter in monthly installments. Loans made under 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

**Overlapping/Underlying Debt
Pro Forma
As of July 25, 2019**

The Town does not have any overlapping or underlying debt.

**Bonded Debt Maturity Schedule
Pro Forma
As of July 25, 2019**

Fiscal Year	Principal	Interest	Total	Total Principal	Cumulative Principal Retired (%)
2020 ¹	\$ 2,695,000	\$ 1,883,894	\$ 4,578,894	\$ 2,695,000	5.4
2021	3,580,000	1,774,369	5,354,369	3,580,000	12.6
2022	3,590,000	1,605,419	5,195,419	3,590,000	19.7
2023	3,600,000	1,438,344	5,038,344	3,600,000	26.9
2024	3,085,000	1,285,669	4,370,669	3,085,000	33.1
2025	3,075,000	1,160,809	4,235,809	3,075,000	39.3
2026	2,740,000	1,055,100	3,795,100	2,740,000	44.8
2027	2,720,000	958,200	3,678,200	2,720,000	50.2
2028	2,695,000	864,300	3,559,300	2,695,000	55.6
2029	2,695,000	763,100	3,458,100	2,695,000	61.0
2030	2,690,000	656,975	3,346,975	2,690,000	66.4
2031	2,680,000	562,306	3,242,306	2,680,000	71.7
2032	2,660,000	474,631	3,134,631	2,660,000	77.1
2033	2,500,000	384,850	2,884,850	2,500,000	82.1
2034	2,485,000	295,113	2,780,113	2,485,000	87.0
2035	2,475,000	203,313	2,678,313	2,475,000	92.0
2036	1,000,000	137,500	1,137,500	1,000,000	94.0
2037	1,000,000	97,500	1,097,500	1,000,000	96.0
2038	1,000,000	57,500	1,057,500	1,000,000	98.0
2039	1,000,000	18,750	1,018,750	1,000,000	100.0
Total	\$ 49,965,000	\$ 15,677,641	\$ 65,642,641	\$ 49,965,000	

¹ Excludes \$845,000 in principal and \$60,500 in interest payments made from July 1, 2019 through July 25, 2019.

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

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**Current Debt Statement
Pro Forma
As of July 25, 2019**

Long-Term Debt Outstanding:

General Purpose.....	\$ 20,060,755
Schools.....	18,024,245
Sewers	11,880,000
Total Long-Term Debt.....	49,965,000
Short-Term Debt (Includes this issue due 7/24/20)	15,990,000
Total Direct Debt.....	65,955,000
Underlying Debt	-
Total Overall Debt	65,955,000
Less: Sewer Assessment Receivable (as of 6/30/2018)	(4,254,245)
Total Overall Net Debt.....	\$ 61,700,755

¹ Includes actual school building grants receivable for previously issued school bonds.

**Current Debt Ratios
Pro Forma
As of July 25, 2019**

Population ¹	19,526
Net Taxable Grand List (10/1/18)	\$2,040,296,000
Estimated Full Value (70%)	\$2,914,708,571
Equalized Net Taxable Grand List (10/1/16) ²	\$2,909,170,001
Income per Capita (2017) ¹	\$45,171

	Total Overall Debt	Total Overall Net Debt
	\$65,955,000	\$61,700,755
Per Capita	\$3,377.80	\$3,159.93
Ratio to Net Taxable Grand List	3.23%	3.02%
Ratio to Estimated Full Value	2.26%	2.12%
Ratio to Equalized Grand List	2.27%	2.12%
Debt per Capita to Income per Capita 2017	7.48%	7.00%

¹ U.S. Census Bureau, American Community Survey, 2013-2017.

² Office of Policy and Management, State of Connecticut.

Authority to Incur Debt

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. Except for refunding bonds which per CGS Sec. 7-370c can be approved by the Board of Selectmen, bonding authorizations require approval of the Board of Selectmen, Board of Finance and Town Meeting. Bonding authorization in excess of \$1,000,000 must be approved by referendum.

Temporary Financing

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

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

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

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of 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

“Annual receipts from taxation” (the “base”) are defined as total tax collections including interest and penalties, late payment of taxes and state payments for revenue losses under Connecticut General Statutes Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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Statement of Statutory Debt Limitation ¹
Pro Forma
As of July 25, 2019

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2018	\$ 61,878,320
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze	-
Base for Debt Limitation Computation	<u>\$ 61,878,320</u>

Debt Limitation:	General Purposes	Schools	Sewers	Urban Renewal	Unfunded Pension
2 ¹ / ₄ times base	\$ 139,226,220	-	-	-	-
4 ¹ / ₂ times base	-	\$ 278,452,440	-	-	-
3 ³ / ₄ times base	-	-	\$ 232,043,700	-	-
3 ¹ / ₄ times base	-	-	-	\$ 201,104,540	-
3 times base	-	-	-	-	\$185,634,960
Total Debt Limitation	139,226,220	278,452,440	232,043,700	201,104,540	185,634,960

Less Indebtedness:

Outstanding Bonds	20,060,755	18,024,245	11,880,000	-	-
Bonds	-	-	-	-	-
Notes - Includes This Issue	990,000	15,000,000	-	-	-
Authorized But Unissued Debt	4,146,593	35,923,633	-	-	-
Total Indebtedness	25,197,348	68,947,878	11,880,000	-	-
Less:					
State School Grants Receivable.....	-	-	-	-	-
Sewer Assessment Debt ¹	-	-	(4,254,245)	-	-
Total Net Indebtedness	25,197,348	68,947,878	7,625,755	-	-

Debt Limitation in Excess of

Outstanding And Authorized Debt	\$ 114,028,872	\$ 209,504,562	\$ 224,417,945	\$ 201,104,540	\$185,634,960
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¹ Enterprise Fund debt supported by assessments and sewer user charges.

Note: In no case shall total indebtedness exceed seven times the annual receipts from taxation or \$433,148,240.

Authorized but Unissued Debt
Pro Forma
As of July 25, 2019

Project	Amount Authorized	Previously Bonded	Maturing Notes Due: 7/25/19	New Money / (Paydowns)	This Issue: The Notes Due: 7/24/20	Expected Grants	Previous Paydowns	Authorized But Unissued
General Capital Improvements 2012-2013	\$ 1,550,000	\$ 276,957	\$ -	\$ -	\$ -	\$ -	\$(1,273,043)	\$ -
General Capital Improvements 2013-2014	1,949,342	1,647,057	-	-	-	-	(302,285)	-
General Capital Improvements 2014-2015	2,433,145	685,520	1,000,830	(1,000,830)	-	-	(746,795)	1,000,830
General Capital Improvements 2015-2016	1,923,808	-	1,831,713	(1,831,713)	-	-	(41,827)	1,881,981
General Capital Improvements 2016-2017	1,438,000	345,543	992,457	(2,457)	990,000	-	-	102,457
General Capital Improvements 2017-2018	653,325	600,000	-	-	-	-	-	53,325
General Capital Improvements 2018-2019	1,100,000	-	-	-	-	-	-	1,100,000
High School addition/renovation	32,337,885	-	-	-	-	21,000,000	(350,000)	10,987,885
Police Headquarters	14,388,678	14,380,678	-	-	-	-	-	8,000
School Renovations* (Rockwell & Johnson)	65,831,143	2,064,245	10,000,000	5,000,000	15,000,000	23,831,150	-	24,935,748
Total	\$ 123,605,326	\$ 20,000,000	\$ 13,825,000	\$ 2,165,000	\$15,990,000	\$44,831,150	\$(2,713,950)	\$ 40,070,226

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 (%) ¹	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ³	Net Long-Term Debt per Capita ²	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)
				Value (%) ¹	Value (%)		Debt per Capita ²	Income ⁴ (%)
2019 ⁵	\$ 2,006,451,000	\$ 2,866,358,571	\$ 38,930,000	1.94	1.36	19,526	\$1,993.75	4.41
2018	1,943,534,000	2,776,477,143	20,670,000	1.06	0.74	19,526	1,058.59	2.34
2017	1,917,877,000	2,739,824,286	22,265,000	1.16	0.81	19,526	1,140.27	2.52
2016	1,891,231,000	2,701,758,571	24,050,000	1.27	0.89	19,526	1,231.69	2.73
2015	1,865,157,000	2,664,510,000	25,805,000	1.38	0.97	19,526	1,321.57	2.93
2014	1,852,887,000	2,646,981,429	28,135,000	1.52	1.06	19,526	1,440.90	3.19

¹ Assessment Ratio, 70%.

² Excludes School Construction Grants (principal only).

³ American Community Survey, 2013-2017

⁴ Money Income per Capita, American Community Survey (2017): \$44,782.

⁵ Subject to audit.

Five-year Debt Statement Summary

Long-Term Debt	2019 ¹	2018	2017	2016	2015
Bonds	\$ 38,930,000	\$ 20,670,000	\$ 22,265,000	\$ 24,050,000	\$ 25,805,000
Short-Term Debt					
Bond Anticipation Notes	13,825,000	24,450,000	10,455,000	11,380,000	10,275,000
Totals	\$ 52,755,000	\$ 45,120,000	\$ 32,720,000	\$ 35,430,000	\$ 36,080,000

¹ Subject to audit.

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

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of Total Debt Service Expenditures To Total General Fund Expenditures
2019 ²	\$ 3,830,800	\$ 64,833,299	5.91%
2018	3,830,800	64,833,299	5.91%
2017	2,887,040	79,634,303	3.63%
2016	2,968,586	74,596,208	3.98%
2015	2,512,726	72,696,936	3.46%
2014	3,336,507	72,035,280	4.63%

¹ Includes transfers out.

² Budgetary basis and subject to audit.

Source: Town of Bethel, Finance Office

Five-year Capital Improvement Program

Uses	Fiscal Year					Total
	2019	2020	2021	2022	2023	
Town Facilities.....	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 375,000
Downtown.....	-	-	-	-	-	-
Library.....	-	6,675	-	-	-	6,675
Police.....	40,000	723,000	40,000	40,000	-	843,000
Fire.....	69,040	112,000	50,000	-	-	231,040
Emergency Management....	-	-	-	-	-	-
Public Works.....	180,585	1,106,600	1,091,000	-	-	2,378,185
Parks and Recreation.....	70,375	584,145	589,500	145,000	750,000	2,139,020
Board of Education.....	1,185,000	100,000	25,244,000	2,595,000	17,002,000	46,126,000
Total.....	\$ 1,620,000	\$ 2,707,420	\$ 27,089,500	\$ 2,855,000	\$ 17,827,000	\$ 52,098,920

Sources						Total
	2019	2020	2021	2022	2023	
Bonds.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Lease.....	-	-	-	-	-	-
Capital & Non-Recurring...	620,000	650,000	750,000	850,000	1,000,000	3,870,000
Operating Capital - Town...	-	-	-	-	-	-
Operating Capital - BOE....	-	-	-	-	-	-
Sewer Reserve.....	-	-	-	-	-	-
Grant.....	-	-	-	-	-	-
Private, State and Town.....	1,000,000	2,057,420	26,339,500	2,005,000	16,827,000	48,228,920
Total.....	\$ 1,620,000	\$ 2,707,420	\$ 27,089,500	\$ 2,855,000	\$ 17,827,000	\$ 52,098,920

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SECTION VI – FINANCIAL SECTION

Fiscal Year

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

Summary of Accounting Principles

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

See "Notes to Financial Statements" in Appendix A herein for more information.

Budget Procedure

In April, the Board of Finance submits to a public hearing, at which taxpayer comments are obtained, the proposed operating budget of the General Fund (the only fund for which a legal budget is adopted) for the year commencing July 1. The budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

The Board of Finance submits its proposed budget to the annual Town Meeting, which is held on one of the first seven days in May. Those in attendance at the annual Town Meeting may, by majority vote, decrease any appropriations or approve the appropriations as presented. Appropriations may not be increased. The final budget is then automatically referred to a machine vote for approval. The date of the machine vote is also established by the annual Town Meeting, which must be held not less than seven and not more than fourteen days from the date of the annual Town Meeting. Those citizens registered to vote or who have property assessments in excess of \$1,000 are eligible to vote. This process is repeated, if necessary, until a budget is approved.

Audit

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2018, the financial statements of the various funds of the Town were audited by PKF O'Connor Davies, LLP. PKF O'Connor Davies, LLP has not been asked nor have they given their permission to include their audit report in this Official Statement.

Pension Plans

The Town administers two single employer, contributory, defined benefit pension plans (Town of Bethel and Town of Bethel Police Department). The Town plan was adopted in 1968 and revised in 2000. The Police plan was established by a memorandum of understanding effective July 1, 1997. The Pension Commission makes recommendations for plan provisions, which are approved by the Board of Finance. Both plans are part of the Town's reporting entity and are included in the Town's financial report as two pension trust funds. The plans do not issue separate, stand-alone financial reports. For more information see Appendix A – "Audited Financial Statements, Notes to Basic Financial Statements, Note IV.C." herein.

Town Plan

Each employee may enter into the plan on the January 1 coincident with or next following the date of employment. For employees hired on or after January 1, 2001, participation in the contributory plan is mandatory. The plan covers substantially all noncertified Board of Education and all regular Town employees except police personnel. The Board of Selectmen, upon recommendation from the Insurance and Pension Committee, established benefit provisions and the employee and employer obligations.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
01/01/18	\$ 31,843,906	\$ 37,990,822	\$ (6,146,916)	83.82%	\$ 6,754,240	(91.01)
01/01/17	30,411,617	36,004,644	(5,593,027)	84.47%	7,417,168	(75.41)
01/01/16	28,830,877	34,238,475	(5,407,598)	84.21%	7,649,740	(70.69)
01/01/15	25,738,059	30,418,102	(4,680,043)	84.61%	7,607,181	(61.52)
01/01/14	22,610,724	31,586,275	(8,975,551)	71.58%	7,607,181	(117.99)

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
06/30/19	\$ 1,188,623	\$ 1,188,623	100.00%
06/30/18	926,377	1,190,000	128.46%
06/30/17	867,137	1,200,000	138.39%
06/30/16	2,013,334	2,751,446	136.66%
06/30/15	2,013,334	3,083,429	153.15%

Police Plan

Participation of all full time regular police officers is mandatory as of hire date. The benefit was established by a plan adopted in 1997. The plan contains a cost of living adjustment of 1% per year.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
01/01/18	\$ 12,065,348	\$ 16,813,984	\$ (4,748,636)	71.76%	\$ 2,694,316	(176.25)
01/01/17	10,912,425	15,790,952	(4,878,527)	69.11%	2,579,921	(189.10)
01/01/16	9,757,142	15,145,442	(5,388,300)	64.42%	2,443,220	(220.54)
01/01/15	9,049,718	14,523,876	(5,474,158)	62.31%	2,547,952	(214.85)
01/01/14	8,526,588	11,541,281	(3,014,693)	73.88%	2,407,527	(125.22)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Actual Contribution	Percentage Contributed
06/30/19	\$ 881,532	\$ 881,532	100.00%
06/30/18	776,441	1,025,000	132.01%
06/30/17	753,358	1,021,720	135.62%
06/30/16	612,450	513,000	83.76%
06/30/15	612,450	472,000	77.07%

Other Post-Employment Benefits

The Town has complied with the requirements of Governmental Accounting Standards Board (“GASB”) Statement Nos. 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefit (“OPEB”) plans and include information concerning the valuation of such plans in their financial statements. The Town administers three post-retirement healthcare plans: Town, Police, and Board of Education. These plans provide medical, dental and life insurance benefits for eligible retirees and their spouses.

The Town’s most recent OPEB valuation as of July 1, 2017 lists a liability totaling \$14,276,984. The Town funds OPEB on a pay-go basis though there is approximately \$350,000 in an internal service fund for OPEB funding which may be transferred into an OPEB trust fund in the future. For the fiscal year ending June 30, 2018 the Town, Police and Board of Education’s total plan contribution was \$445,845. For more information see Appendix A – “Audited Financial Statements, Notes to Basic Financial Statements, Note IV.D.” herein.

OPEB Liability - July 1, 2017.....	\$	14,093,690
Service Cost.....		574,246
Interest.....		517,131
Changes of Assumptions or Other Inputs....		(462,238)
Benefit Payments.....		(445,845)
Net Change.....		<u>183,294</u>
OPEB Liability - July 1, 2018.....	\$	<u>14,276,984</u>

Sensitivity Analysis: The following table presents the OPEB Liability of the Town, calculated using the discount rate of 3.87%, 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 (2.87%) or 1 percentage point higher (4.87%) than the current rate.

	1% Decrease	Current	1% Increase
	2.87%	Discount Rate	4.87%
	2.87%	3.87%	4.87%
Town OPEB Liability	\$ 15,966,433	\$ 14,276,984	\$ 12,832,566

Investment Practices

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

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Comparative Balance Sheets – General Fund

Assets	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014
Cash and Cash Equivalents.....	\$ 13,575,124	\$ 3,277,695	\$ 9,393,710	\$ 2,603,867	\$ 1,490,654
Investments	20,814,723	21,717,373	13,774,368	19,558,377	15,185,008
Receivables:					
Property Taxes	797,586	793,654	1,096,422	974,384	908,765
Intergovernmental	365,918	365,918	580,656	408,899	551,790
Other	10,066	43,149	50,085	61,170	297,744
Due from Other Funds	1,431,751	3,303,461	4,297,170	1,990,035	2,512,186
Other	18,024	11,697	-	-	418
Total Assets	37,013,192	29,512,947	29,192,411	25,596,732	20,946,565
<u>Liabilities and Fund Balances</u>					
Accounts Payable	1,371,922	1,167,740	1,005,622	1,307,695	1,082,326
Accrued Payroll	356,170	238,153	235,390	475,815	418,600
Due to Other Funds	12,773,348	6,921,289	7,713,613	4,884,521	4,268,141
Deferred Revenue	-	-	-	-	-
Unearned Revenue	29,975	29,097	2,332	2,956	3,537
Other Liabilities	466,707	284,903	281,339	461,414	367,505
Performance Bonds	210,789	308,145	430,922	365,539	394,982
Bond Anticipation Notes	-	-	-	-	-
Total Liabilities	15,208,911	8,949,327	9,669,218	7,497,940	6,535,091
<u>Deferred Inflows of Resources</u>					
Unavailable Resources	2,783,354	1,830,803	1,959,746	2,514,885	688,465
Total Deferred Resources	2,783,354	1,830,803	1,959,746	2,514,885	688,465
<u>Fund Balances</u>					
Nonspendable.....	17,865	30,185	633,029	34,792	132,117
Restricted.....	-	-	-	-	-
Committed.....	576,092	576,092	380,807	264,119	-
Assigned.....	-	-	-	-	-
Unassigned.....	18,426,970	18,126,550	16,549,611	15,284,996	13,590,892
Total fund balance	19,020,927	18,732,827	17,563,447	15,583,907	13,723,009
Total liabilities and fund balance	37,013,192	29,512,957	29,192,411	25,596,732	20,946,565
<u>Analysis of General Fund Balance</u>					
Operating revenues	\$ 83,690,663	\$ 81,877,751	\$ 76,575,748	\$ 74,469,096	\$ 74,729,636
Fund balance as a percent of operating revenues	22.73%	22.88%	22.94%	20.93%	18.36%
Unassigned fund balance as a percent of operating revenues	22.02%	22.14%	21.61%	20.53%	18.19%

General Fund Revenues and Expenditures

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2015 through 2018 have been derived from audited financial statements. The unaudited for 2018–19 and the budget for 2019–20 is provided by the Town. The Town’s independent accountants have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town of Bethel’s management (Appendix A – “Audited Financial Statements” was taken from the Comprehensive Annual Financial Report of the Town of Bethel for the Fiscal Year ended June 30, 2018).

	<i>Adopted Budget 2019-20 ¹</i>	<i>Unaudited Actual 2018-19 ¹</i>	<i>Actual 2017-18</i>	<i>Actual 2016-17</i>	<i>Actual 2015-16</i>	<i>Actual 2014-15</i>
Revenues:						
Property Taxes.....	\$ 66,741,613	\$ 66,255,669	\$ 63,962,433	\$ 61,948,866	\$ 61,102,747	\$ 59,900,954
Intergovernmental	8,528,095	8,693,023	17,287,467	17,841,944	13,962,715	13,385,789
Charges for Services	2,191,808	1,290,479	1,924,851	1,885,995	1,360,750	1,046,144
Use of Money and Property	530,000	721,300	515,912	195,769	132,760	91,855
Other Revenues	-	1,163	-	5,177	16,776	44,354
Total Revenues	77,991,516	76,961,634	83,690,663	81,877,751	76,575,748	74,469,096
Expenditures:						
General government	15,933,439	14,171,411	13,391,421	13,178,184	13,204,698	13,424,727
Public Safety	5,136,010	4,626,661	5,702,655	5,422,193	4,669,257	4,800,134
Public Works	3,801,432	2,736,389	330,167	3,389,038	256,294	275,596
Health and Welfare	438,537	258,992	3,612,422	327,690	2,878,160	3,171,168
Library	882,492	685,018	859,971	847,143	833,388	820,371
Board of Education	46,865,473	44,947,536	53,431,408	52,383,015	48,105,825	46,517,348
Debt Service	4,934,133	3,830,800	2,849,596	2,887,040	2,968,586	2,512,726
Total Expenditures	77,991,516	71,256,806	80,177,640	78,434,303	72,916,208	71,522,070
Revenues over (under) expenditures.....	-	5,704,828	3,513,023	3,443,448	3,659,540	2,947,026
Other Financing Sources Uses:						
Proceeds of Refunding Bonds	-	-	-	-	-	-
Payment to Refunding Escrow	-	-	-	-	-	-
Premiums on Bonds Issued	-	956,900	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	(431,564)	(3,224,923)	(1,200,000)	(1,680,000)	(1,174,866)
Total other Financing Sources (uses)	-	525,336	(3,224,923)	(1,200,000)	(1,680,000)	(1,174,866)
Revenues and other financing sources over (under) expenditures and other financing uses...	-	6,230,164	288,100	2,243,448	1,979,540	1,772,160
Fund Balance, Beginning	25,251,091	19,020,927	18,732,827	17,563,447	15,583,907	13,723,009
Restatement	-	-	-	(1,074,068)	-	88,738
Fund Balance, Ending	N/A	\$ 25,251,091	\$ 19,020,927	\$ 18,732,827	\$ 17,563,447	\$ 15,583,907

¹ Budgetary basis and subject to audit.

Connecticut General Statutes Section 4-66*l*, as amended (“Section 4-66*l*”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more of the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66*l* requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For Fiscal Year ending June 30, 2020, the Town will receive municipal revenue sharing grant moneys from the State in the amount of \$282,660.

SECTION VII – ADDITIONAL INFORMATION

Litigation

The Town Attorney has advised that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town Attorney's opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Documents Furnished at Delivery

The original purchaser(s) will be furnished the following documents when the Notes are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman and the Comptroller, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Notes.
4. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Hartford and Bridgeport, Connecticut for the Notes in substantially the form attached hereto as Appendix B.
5. Executed Continuing Disclosure Agreement for the Notes in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Bethel has prepared an Official Statement for the Notes which is dated July ____, 2019. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Notes five (5) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's Municipal Advisor no later than seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchasers shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchasers.

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

Concluding Statement

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

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

By /s/

Matthew S. Knickerbocker
First Selectman

By /s/

Robert V. Kozlowski
Comptroller

Dated as of July __, 2019

Appendix A

Excerpts from the Town's Comprehensive Annual Financial Report For Fiscal Year Ending June 30, 2018

The following includes excerpts from the Comprehensive Annual Financial Report of the Town of Bethel, Connecticut for the fiscal year ended June 30, 2018. The supplemental data which was a part of the report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

Independent Auditors' Report

Board of Finance
Town of Bethel, 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 Bethel, Connecticut ("Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**Board of Finance
Town of Bethel, Connecticut**

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund and the aggregate remaining fund information of the Town of Bethel, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and the pension and other post-employment benefit plan schedules on pages 6 through 15 and pages 77 through 93, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

**Board of Finance
Town of Bethel, Connecticut**

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
February 12, 2019



COMPTROLLER'S OFFICE

C.J. Hurgin Municipal Center
1 School Street, Bethel, CT 06801 (203) 794-8512

*Robert V. Kozlowski, Comptroller
Brad C. Heering, Ass't Comptroller*

Management's Discussion and Analysis For the Year Ended June 30, 2018

As management of the Town of Bethel, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial position and activities of the Town for the fiscal year ended June 30, 2018.

Financial Highlights

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits ("OPEB"). GASB 75 requires that the OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the OPEB liability of \$14,093,690 and to remove the net OPEB obligation previously recorded of \$7,517,378. The current year OPEB expense was \$578,119 and the OPEB liability at year end was \$14,276,984.
- On a government-wide basis, the Town's total net position increased by \$6,722,191 for the fiscal year, \$5,787,643 of which was generated by governmental activities and \$934,548 from business-type activities. The main reasons for the increase were positive operations of the debt service fund of \$847,415 and the differences in the basis of accounting between the modified accrual basis used for the governmental funds as compare to the government wide financial statement that use the accrual basis of accounting. The two most significant accounts impacted by the different basis of accounting are capital asset and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$13,696,731, partially offset by net debt activity which accounted for the balance of the increase. Business-type activities reported an increase in net position of \$934,548 due to the positive operations of the water fund of \$770,335 and of the sewer fund of \$164,213.
- The Town's combined net position totals \$122,420,851. Of this amount, \$14,374,123 is available (unrestricted) to finance ongoing programs. This includes \$15,095,749 for business-type activities, while the governmental activities resulted in a deficit unrestricted balance of \$(721,626).
- At year end, the unassigned fund balance for the general fund was \$18,426,970 or 25.0% of total general fund expenditures and transfers out.
- The Town's long-term debt increased by \$19,219,883. The increase is the result of the permanent financing of bond anticipation notes of \$20,000,000 and drinking water loan additions of \$754,957 offset by scheduled debt service payments of \$2,571,935.

Overview of the Basic Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, health and welfare, public works, library and education. The business-type activities of the Town account for the Water and Sewer operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, bonded projects, and capital nonrecurring funds considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided on Schedules 4 and 5 of this report.

Proprietary funds. The Town maintains five proprietary funds, two enterprise funds and three internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits for current employees and retirees.

The data for the enterprise and internal service funds are provided in Exhibits F, G and H of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's pension and other post-employment benefit plans.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$122,420,851 at the close of the fiscal year.

The largest portion of the Town's net position (87.7%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (0.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals 14,374,123.

**Summary Statement of Net Position
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 38,483,821	\$31,439,439	\$16,595,447	\$17,200,467	\$ 55,079,268	\$ 48,639,906
Capital assets (net)	130,355,628	116,701,654	38,299,674	37,108,541	168,655,302	153,810,195
Total assets	168,839,449	148,141,093	54,895,121	54,309,008	223,734,570	202,450,101
Deferred outflows of resources	748,885	1,404,732	41,043	76,839	789,928	1,481,571
Long-term liabilities outstanding	69,512,535	52,075,661	16,358,791	15,593,190	85,871,326	67,668,851
Other liabilities	11,362,846	16,055,805	1,367,838	2,524,355	12,730,684	18,580,160
Total liabilities	80,875,381	68,131,466	17,726,629	18,117,545	98,602,010	86,249,011
Deferred inflows of resources	3,244,853	1,733,902	256,784	250,099	3,501,637	1,984,001
Net investment in capital assets	85,555,251	79,047,618	21,857,002	20,373,369	107,412,253	99,420,987
Restricted	634,475	622,028	-	-	634,475	622,028
Unrestricted	(721,626)	10,811	15,095,749	15,644,834	14,374,123	15,655,645
Total net position	\$ 85,468,100	\$79,680,457	\$36,952,751	\$36,018,203	\$ 122,420,851	\$ 115,698,660

The Town's total net position increased by \$6,722,191 during the current fiscal year. The main reasons for the increase are as follows:

Governmental activities. Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. For the fiscal year, net position increased \$5,787,643. The main reasons for the increase were positive operations of the debt service fund of \$847,415 and the differences in the basis of accounting between the modified accrual basis used for the governmental funds as compare to the government wide financial statement that use the accrual basis of accounting. The two most significant accounts impacted by the different basis of accounting are capital asset and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$13,696,731, partially offset by net debt activity that accounted for the balance of the increase.

Business-type activities. Business-type activities reported an increase in net position of \$934,548 due to the positive operations of the water fund of \$770,335 and positive operations of the sewer fund of \$164,213 during the current year. This was substantially due to a capital grant in the water fund for Hoyts Hill Pump Station and Maple Avenue Wells and a decrease in the water fund contracted services as compared to the prior year.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

Management's Discussion and Analysis (continued)

Statement of Changes in Net Position
Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,153,971	\$ 3,723,501	\$ 5,256,119	\$ 5,416,507	\$ 8,410,090	\$ 9,140,008
Operating grants and contributions	20,464,825	19,504,600	-	-	20,464,825	19,504,600
Capital grants and contributions	1,848,471	1,697,852	223,294	320,775	2,071,765	2,018,627
General revenues:						
Property taxes	63,965,879	61,698,354	-	-	63,965,879	61,698,354
Grants and contributions not restricted to specific programs	478,996	861,179	-	-	478,996	861,179
Use of money and property	518,409	198,622	23,202	2,311	541,611	200,933
Other	-	29,269	-	-	-	29,269
Total revenues	90,430,551	87,713,377	5,502,615	5,739,593	95,933,166	93,452,970
Expenses:						
General government	8,611,311	7,620,667	-	-	8,611,311	7,620,667
Public safety	8,880,407	9,299,858	-	-	8,880,407	9,299,858
Health and welfare	425,227	539,269	-	-	425,227	539,269
Public works	4,867,475	5,573,885	-	-	4,867,475	5,573,885
Library	1,381,685	1,477,351	-	-	1,381,685	1,477,351
Education	59,549,180	59,806,837	-	-	59,549,180	59,806,837
Interest expense	927,623	943,858	-	-	927,623	943,858
Water department	-	-	1,519,692	1,977,289	1,519,692	1,977,289
Sewer department	-	-	3,048,375	2,729,165	3,048,375	2,729,165
Total expenses	84,642,908	85,261,725	4,568,067	4,706,454	89,210,975	89,968,179
Change in net position	5,787,643	2,451,652	934,548	1,033,139	6,722,191	3,484,791
Net position - July 1 (as restated)	79,680,457	83,056,020	36,018,203	35,340,824	115,698,660	118,396,844
Restatements:						
OPEB liability	-	(6,220,552)	-	(355,760)	-	(6,576,312)
Other (see Note IV G)	-	393,337	-	-	-	393,337
Net position - June 30	\$ 85,468,100	\$ 79,680,457	\$ 36,952,751	\$ 36,018,203	\$ 122,420,851	\$ 115,698,660

Governmental Activities - Revenues

The significant changes in revenues for governmental activities as compared to the prior year were as follows:

- Operating grants and contributions increased \$960,225 primarily due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' pension and OPEB Plans of \$928,541 offset by minor cuts in other State grants.
- Property taxes increased by \$2,267,525 primarily due to the increase in the tax levy due to the increase in budgeted expenditures and decreases in State funding.

Governmental Activities - Expenses

The significant changes in expenses for governmental activities from the prior year were as follows:

- Education expenses decreased \$257,657 due to, an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' pension and OPEB plans of approximately \$929,000 and offset by decreases of approximately \$1,069,000 in pension expense.
- General government expenses increased by \$990,644 due to increases in small cities expenditures of \$284,654 and increased employee benefit costs.
- Public works expenses decreased by \$706,410 substantially due to decreases in pension and OPEB expense.
- Public safety expenses decreased \$419,451 substantially due to decreases in pension and OPEB expense.

Business-Type Activities - Revenues

- Charges for services remained consistent with the prior year.
- Capital grants and contributions decreased by \$97,481 during the year due to the winding down of various drinking water projects. The Town received grant funds of \$978,251, which were offset by project loans of \$754,957. This resulted in revenue of \$146,344 for the Hoyts Hill Pump Station and \$76,950 for the Maple Avenue Wells.

Business-Type Activities - Expenses

- Water expenses decreased \$457,597 substantially due to an approximately \$439,000 decrease in maintenance and other items below the capitalization threshold.
- Sewer expenses increased \$319,210 substantially due to an approximately \$223,000 increase in contracted expenses for various maintenance projects and environmental testing.

Financial Analysis of the Town's Funds

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

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

The combined fund balances of governmental funds is \$25,376,817. Of this amount, \$17,865 relates to nonspendable advances and \$378,922 for small cities loans, \$634,475 is restricted, \$4,019,171 is committed and \$1,918,597 is assigned. The balance of \$18,407,787 is unassigned fund balance.

Management's Discussion and Analysis (continued)

General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$288,100 for the current fiscal year. The major factors for this increase were increased property tax revenues over budget expectations of \$1,700,697 and intergovernmental revenue under budgeted expectations by \$1,049,199.

Expenditures were \$1,222,989 less than budgeted. The most significant department under spent was Education by \$862,205 (before budget transfers) due to decreased in insurance and payroll related benefits costs.

Bonded Projects Fund

The Bonded Projects Fund's net change in fund balance was an increase of \$9,116,790 for the fiscal year. This is a result of the permanent financing of \$20,000,000 of bond anticipation notes for various bonded projects. This financing helped eliminate the deficit fund balance of the prior year, resulting in a fund balance of \$392,529.

Capital Nonrecurring Fund

The Capital Nonrecurring Fund's net change in fund balance was an increase of \$485,374 for the fiscal year due to the timing of the funding and spending of projects.

Proprietary funds. The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds generated an increase in net position of \$934,548 detailed as follows:

Water Department

Net position of the water department at the end of the year amounted to \$4,489,083 an increase of \$770,335. This was substantially due to a capital grant in the water fund for Hoyts Hill pump station and Maple Avenue Wells and decrease in water contracted services.

Sewer Department

Net position of the sewer department at the end of the year amounted to \$32,463,668, an increase of \$164,213. This was due to an increase in sewer fund contracted services and repairs and maintenance offset by charges for services revenue.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule is presented on RSI-1. A summary of that schedule follows:

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues and Other Financing Sources					
Property taxes	\$ 62,261,736	\$ -	\$ 62,261,736	\$ 63,962,433	\$ 1,700,697
Intergovernmental	8,893,738	-	8,893,738	7,844,539	(1,049,199)
Charges for services, use of money and property, and other	1,811,021	-	1,811,021	2,275,767	464,746
Appropriation of fund balance	-	2,000,000	2,000,000	-	(2,000,000)
Totals	72,966,495	2,000,000	74,966,495	74,082,739	(883,756)
Expenditures and Other Financing Uses					
Expenditures	71,166,572	300,000	71,466,572	70,243,583	1,222,989
Transfers out	1,799,923	1,700,000	3,499,923	3,499,923	-
Totals	72,966,495	2,000,000	74,966,495	73,743,506	1,222,989
Change in Fund Balance	\$ -	\$ -	\$ -	\$ 339,233	\$ 339,233

The most significant budget transfers were as follows:

- The parks and recreation (general government) budget was increased \$231,202 due an increase in the number of programs ran.
- The police department (public safety government) budget was increased \$102,672 due overtime overages.
- The budget for employee benefits (general government) was decreased \$657,974 for additional expenditures in other departments as insurance premiums came in less than anticipated.
- The Board of Education budget was decreased by \$902,723 due to decreased insurance and payroll related benefits costs.
- Increase of \$2,000,000 to appropriations and transfers out to the bonded projects fund for debt service payments for bond anticipation notes.

Capital Assets and Debt Administration

The Town's investment in capital assets in both governmental and business-type activities amounted to \$168,655,302, net of depreciation. This includes land, intangible assets, buildings, equipment and infrastructure (roads and bridges). Capital assets for governmental activities increased by 11.7% and business-type capital assets increased by 3.2%.

The most significant capital asset additions were as follows:

Governmental activities:

- Construction in progress increased \$14,646,818 during the year. This was offset by a \$5,243,228 transfer of completed projects to depreciable capital assets. Additions included \$1,759,050 for various school renovations, \$10,845,749 for the police station, and \$524,018 for the energy saving lighting project.

Capital Assets and Debt Administration (continued)

- Infrastructure increased during the year due to \$368,462 in additions for Whittlesey/Plumtrees Bridge and \$962,976 in roads. These additions primarily came from construction in progress.
- Building improvements increased by \$4,350,397 primarily due to the school lighting projects for Town and school buildings.
- \$748,554 of equipment was purchased, primarily for computers and other technology equipment.
- \$622,367 in vehicles were purchased, including several police cars.

Business-type Activities:

- Construction in progress increased \$1,862,023 due to a number of projects during the year including the Briar Cliff mains project of \$615,320 and Hoyts Hill pump station project of \$715,953. This was offset by a \$258,168 transfer of completed projects to distribution and collection system and machinery and equipment.

**Capital Assets - Net
June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 6,957,720	\$ 6,957,720	\$ 157,072	\$ 157,072	\$ 7,114,792	\$ 7,114,792
Construction in progress	15,291,811	5,888,221	3,097,268	1,493,413	18,389,079	7,381,634
Land improvements	2,206,362	1,765,766	-	-	2,206,362	1,765,766
Intangible assets	75,815	82,407	6,414,523	6,577,480	6,490,338	6,659,887
Buildings	64,907,118	66,094,661	460,745	523,309	65,367,863	66,617,970
Building improvements	11,859,948	8,034,956	103,550	23,570	11,963,498	8,058,526
Distribution and collection system	-	-	27,394,896	27,648,125	27,394,896	27,648,125
Machinery and equipment	3,713,339	3,738,699	632,636	657,944	4,345,975	4,396,643
Vehicles	4,299,971	4,010,923	38,984	27,628	4,338,955	4,038,551
Infrastructure	21,043,544	20,128,301	-	-	21,043,544	20,128,301
Total	\$ 130,355,628	\$ 116,701,654	\$ 38,299,674	\$ 37,108,541	\$ 168,655,302	\$ 153,810,195

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

Long-term Debt

During the year, the Town's long-term debt increased by \$19,219,883. The increase is the result of the permanent financing of bond anticipation notes of \$20,000,000 and drinking water loan additions of \$754,957 offset by scheduled debt service payments of \$2,571,935. At the end of the current fiscal year, the Town had total bonded and loan debt outstanding of \$56,765,262, which is backed by the full faith and credit of the Town.

Long-term Debt (continued)

Outstanding Long-Term Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General purpose bonds	\$ 3,095,000	\$ 3,575,000	\$12,655,000	\$13,425,000	\$15,750,000	\$17,000,000
School bonds	17,575,000	18,690,000	-	-	17,575,000	18,690,000
Bond anticipation notes (permanently financed)	20,000,000	-	-	-	20,000,000	-
Drinking water loan	-	-	3,440,262	2,892,240	3,440,262	2,892,240
Total	<u>\$40,670,000</u>	<u>\$22,265,000</u>	<u>\$16,095,262</u>	<u>\$16,317,240</u>	<u>\$56,765,262</u>	<u>\$38,582,240</u>

The Town maintains an “AA2” rating from Moody’s and an “AAA” from Standard and Poor’s and Fitch for general obligation debt.

The overall statutory debt limit for the Town is equal to seven times the prior year annual receipts from taxation or \$433,148,240, which is significantly in excess of the Town’s outstanding general obligation debt.

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

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the Town is currently 3.9%, which is an increase from fiscal year 2017. This is lower than both the State’s average unemployment rate of 4.5% and the national average of 4.0%.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut’s economic and business growth remains flat. This lack of growth will have a negative impact on the amount of revenue the State receives from taxes. This will affect the amount of intergovernmental revenues the Town will receive in fiscal year 2019 and thereafter.

Town officials considered many factors when setting the fiscal year 2019 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to our residents and taxpayers.

The 2019 general fund budget is \$74,652,524, an increase of 2.3% over the prior year. Non-tax revenue remained relatively consistent.

Requests for Information

This financial report is designed to familiarize citizens, taxpayers and customers with the Town’s finances and to demonstrate the Town’s fiscal accountability for its operation. Questions concerning this report, or requests for additional financial information, should be directed to Mr. Robert V. Kozlowski, Comptroller, Bethel Municipal Center, 1 School Street, Bethel, Connecticut 06801. Telephone (203) 794-8512.

Basic Financial Statements

Town of Bethel, Connecticut

Statement of Net Position
June 30, 2018

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 14,982,905	\$ 594,529	\$ 15,577,434
Investments	22,945,260	405,976	23,351,236
Receivables:			
Property taxes	639,345	-	639,345
Assessments	-	2,702,680	2,702,680
Intergovernmental	1,107,121	83,959	1,191,080
Other	10,066	385,119	395,185
Internal balances	(1,965,940)	1,965,940	-
Other	16,628	-	16,628
Total current assets	<u>37,735,385</u>	<u>6,138,203</u>	<u>43,873,588</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash	<u>261,284</u>	<u>-</u>	<u>261,284</u>
Receivables (net):			
Property taxes	108,230	-	108,230
Assessments	-	10,457,244	10,457,244
Loan	<u>378,922</u>	<u>-</u>	<u>378,922</u>
Total receivables (net)	<u>487,152</u>	<u>10,457,244</u>	<u>10,944,396</u>
Capital assets (net of accumulated depreciation):			
Land	6,957,720	157,072	7,114,792
Construction in progress	15,291,811	3,097,268	18,389,079
Land improvements	2,206,362	-	2,206,362
Intangible assets	75,815	6,414,523	6,490,338
Buildings	64,907,118	460,745	65,367,863
Building improvements	11,859,948	103,550	11,963,498
Distribution and collection system	-	27,394,896	27,394,896
Machinery and equipment	3,713,339	632,636	4,345,975
Vehicles	4,299,971	38,984	4,338,955
Infrastructure	<u>21,043,544</u>	<u>-</u>	<u>21,043,544</u>
Total capital assets (net of accumulated depreciation)	<u>130,355,628</u>	<u>38,299,674</u>	<u>168,655,302</u>
Total noncurrent assets	<u>131,104,064</u>	<u>48,756,918</u>	<u>179,860,982</u>
Total assets	<u>168,839,449</u>	<u>54,895,121</u>	<u>223,734,570</u>
<u>Deferred Outflows of Resources</u>			
Pension related	<u>748,885</u>	<u>41,043</u>	<u>789,928</u>

(Continued)

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

Town of Bethel, Connecticut

Statement of Net Position
June 30, 2018

<u>Liabilities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 2,741,524	\$ 242,060	\$ 2,983,584
Retainage payable	-	69,873	69,873
Accrued payroll and related liabilities	356,170	16,374	372,544
Accrued interest payable	210,606	41,965	252,571
Unearned revenue	29,975	-	29,975
Performance bonds	210,789	-	210,789
Bond anticipation notes	4,450,000	-	4,450,000
Bonds and notes payable	1,740,000	997,566	2,737,566
Capital lease payable	391,273	-	391,273
Compensated absences	765,802	-	765,802
Other liabilities	466,707	-	466,707
Total current liabilities	<u>11,362,846</u>	<u>1,367,838</u>	<u>12,730,684</u>
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	39,410,545	15,209,057	54,619,602
Capital lease payable	3,327,958	-	3,327,958
Compensated absences	3,063,207	60,229	3,123,436
Net pension liability	10,119,136	404,210	10,523,346
OPEB liability	13,591,689	685,295	14,276,984
Total noncurrent liabilities	<u>69,512,535</u>	<u>16,358,791</u>	<u>85,871,326</u>
Total liabilities	<u>80,875,381</u>	<u>17,726,629</u>	<u>98,602,010</u>
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	1,985,768	-	1,985,768
Deferred charge on refunding	323,130	236,049	559,179
Pension related	532,332	385	532,717
OPEB related	403,623	20,350	423,973
Total deferred inflows of resources	<u>3,244,853</u>	<u>256,784</u>	<u>3,501,637</u>
<u>Net Position</u>			
Net investment in capital assets	85,555,251	21,857,002	107,412,253
Restricted for:			
General government	318,734	-	318,734
Education	110,168	-	110,168
Public safety	78,609	-	78,609
Health and welfare	126,964	-	126,964
Unrestricted	<u>(721,626)</u>	<u>15,095,749</u>	<u>14,374,123</u>
Total net position	<u>\$ 85,468,100</u>	<u>\$ 36,952,751</u>	<u>\$ 122,420,851</u>

(Concluded)

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

Town of Bethel, Connecticut

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,611,311	\$ 1,522,187	\$ 851,362	\$ -	\$ (6,237,762)	\$ -	\$ (6,237,762)
Public safety	8,880,407	264,020	-	53,873	(8,562,514)	-	(8,562,514)
Health and welfare	425,227	30,763	521,257	-	126,793	-	126,793
Public works	4,867,475	114,538	321,818	1,794,598	(2,636,521)	-	(2,636,521)
Library	1,381,685	8,944	18,550	-	(1,354,191)	-	(1,354,191)
Education	59,549,180	1,213,519	18,751,838	-	(39,583,823)	-	(39,583,823)
Interest expense	927,623	-	-	-	(927,623)	-	(927,623)
Total governmental activities	84,642,908	3,153,971	20,464,825	1,848,471	(59,175,641)	-	(59,175,641)
Business-type activities:							
Water department	1,519,692	2,066,714	-	223,294	-	770,316	770,316
Sewer department	3,048,375	3,189,405	-	-	-	141,030	141,030
Total business-type activities	4,568,067	5,256,119	-	223,294	-	911,346	911,346
Total	\$ 89,210,975	\$ 8,410,090	\$ 20,464,825	\$ 2,071,765	(59,175,641)	911,346	(58,264,295)
General revenues:							
Property taxes					63,965,879	-	63,965,879
Grants and contributions not restricted to specific programs					478,996	-	478,996
Use of money and property					518,409	23,202	541,611
Total general revenues					64,963,284	23,202	64,986,486
Change in net position					5,787,643	934,548	6,722,191
Net position - July 1, 2017 (as restated)					79,680,457	36,018,203	115,698,660
Net position - June 30, 2018					\$ 85,468,100	\$ 36,952,751	\$ 122,420,851

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

Town of Bethel, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 13,313,840	\$ -	\$ 329,879	\$ 557,230	\$ 14,200,949
Restricted cash	261,284	-	-	-	261,284
Investments	20,814,723	-	766,679	-	21,581,402
Receivables (net):					
Property taxes	797,586	-	-	-	797,586
Intergovernmental	365,918	-	643,418	97,785	1,107,121
Loan	-	-	-	378,922	378,922
Other	10,066	-	-	-	10,066
Due from other funds	1,431,751	6,073,952	141,667	3,274,410	10,921,780
Advance to other funds	17,865	-	-	-	17,865
Other	159	-	-	16,469	16,628
Total assets	<u>\$ 37,013,192</u>	<u>\$ 6,073,952</u>	<u>\$ 1,881,643</u>	<u>\$ 4,324,816</u>	<u>\$ 49,293,603</u>
<u>Liabilities</u>					
Liabilities:					
Accounts payable	\$ 1,371,922	\$ 1,201,423	\$ 65,313	\$ 97,033	\$ 2,735,691
Accrued payroll and related liabilities	356,170	-	-	-	356,170
Due to other funds	12,773,348	30,000	-	62,887	12,866,235
Unearned revenue	29,975	-	-	-	29,975
Bond anticipation notes	-	4,450,000	-	-	4,450,000
Performance bonds	210,789	-	-	-	210,789
Other liabilities	466,707	-	-	-	466,707
Advance from other funds	-	-	-	17,865	17,865
Total liabilities	<u>15,208,911</u>	<u>5,681,423</u>	<u>65,313</u>	<u>177,785</u>	<u>21,133,432</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	797,586	-	-	-	797,586
Advance property tax collections	1,985,768	-	-	-	1,985,768
Total deferred inflows of resources	<u>2,783,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,783,354</u>
<u>Fund Balances</u>					
Nonspendable	17,865	-	-	378,922	396,787
Restricted	-	-	-	634,475	634,475
Committed	576,092	392,529	1,816,330	1,234,220	4,019,171
Assigned	-	-	-	1,918,597	1,918,597
Unassigned	18,426,970	-	-	(19,183)	18,407,787
Total fund balances	<u>19,020,927</u>	<u>392,529</u>	<u>1,816,330</u>	<u>4,147,031</u>	<u>25,376,817</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,013,192</u>	<u>\$ 6,073,952</u>	<u>\$ 1,881,643</u>	<u>\$ 4,324,816</u>	<u>\$ 49,293,603</u>

(Continued)

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

Town of Bethel, Connecticut
Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2018

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1 of 2)	\$ 25,376,817
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	116,701,654
Capital assets additions (net of construction in progress)	17,015,955
Depreciation expense	(3,319,224)
Disposal of capital assets	(42,757)
Other long-term assets are not available resources and, therefore, are not reported in the funds:	
Property tax interest and lien accrual	174,989
Allowance for doubtful accounts	(225,000)
Other long-term assets and deferred outflows are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax receivable - accrual basis change	797,586
Deferred outflows related to pensions	748,885
Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,118,496
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(20,670,000)
Bond anticipation notes (long term)	(20,000,000)
Bond premium	(480,545)
Deferred charge on refunding	(323,130)
Capital lease payable	(3,719,231)
Compensated absences	(3,829,009)
Net pension liability	(10,119,136)
OPEB liability	(13,591,689)
Accrued interest payable	(210,606)
Deferred inflows related to pensions	(532,332)
Deferred inflows related to OPEB	(403,623)
Net position of governmental activities (Exhibit A)	\$ 85,468,100

(Concluded)

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

Town of Bethel, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018**

	General	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 63,962,433	\$ -	\$ -	\$ -	\$ 63,962,433
Intergovernmental	17,287,467	-	1,794,598	3,694,029	22,776,094
Charges for services	1,924,851	-	9,200	1,613,257	3,547,308
Use of money and property	515,912	-	2,433	64	518,409
Contributions	-	-	-	16,198	16,198
Total revenues	83,690,663	-	1,806,231	5,323,548	90,820,442
Expenditures:					
Current:					
General government	13,391,421	-	-	675,156	14,066,577
Public safety	5,702,655	-	-	132,318	5,834,973
Health and welfare	330,167	-	-	29,445	359,612
Public works	3,612,422	-	-	-	3,612,422
Library	859,971	-	-	11,560	871,531
Education	53,431,408	-	-	3,452,937	56,884,345
Debt service	2,849,596	-	-	-	2,849,596
Capital outlay	-	14,101,456	1,545,857	-	15,647,313
Total expenditures	80,177,640	14,101,456	1,545,857	4,301,416	100,126,369
Excess (deficiency) of revenues over expenditures	3,513,023	(14,101,456)	260,374	1,022,132	(9,305,927)
Other financing sources (uses):					
Issuance of debt	-	20,000,000	-	-	20,000,000
Premium	-	218,323	-	-	218,323
Transfers in	-	2,999,923	225,000	-	3,224,923
Transfers out	(3,224,923)	-	-	-	(3,224,923)
Net other financing sources (uses)	(3,224,923)	23,218,246	225,000	-	20,218,323
Net change in fund balances	288,100	9,116,790	485,374	1,022,132	10,912,396
Fund balances - July 1, 2017 (as restated)	18,732,827	(8,724,261)	1,330,956	3,124,899	14,464,421
Fund Balances - June 30, 2018	\$ 19,020,927	\$ 392,529	\$ 1,816,330	\$ 4,147,031	\$ 25,376,817

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

Town of Bethel, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2018**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ 10,912,396

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

Capital outlay	17,015,955
Depreciation expense	<u>(3,319,224)</u>
Total	<u>13,696,731</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Loss on disposal of assets	<u>(42,757)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Change in property tax receivable - accrual basis change	3,932
Change in loan receivable - accrual basis change	(393,337)
Change in property tax interest and lien receivable	<u>(486)</u>
Total	<u>(389,891)</u>

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

Debt issued or incurred:	
Issuance of bond anticipation notes (permanently financed)	(20,000,000)
Principal repayments:	
General obligation bonds	1,595,000
Capital lease	382,946
Bond premium	97,219
Deferred charges	<u>(19,035)</u>
Total	<u>(17,943,870)</u>

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

Compensated absences	230,363
Pension liability	582,896
OPEB liability	(174,496)
Accrued interest payable	30,466
Amortization of deferred outflows of resources	(655,847)
Amortization of deferred inflows of resources	<u>(543,297)</u>
Total	<u>(529,915)</u>

The net revenue of the activities of the internal service funds is reported with governmental activities	<u>84,949</u>
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Change in net position of governmental activities (Exhibit B)	<u><u>\$ 5,787,643</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities
Enterprise Funds

	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
<u>Assets</u>				
Current assets:				
Cash	\$ 18,618	\$ 575,911	\$ 594,529	\$ 781,956
Investments	-	405,976	405,976	1,363,858
Receivables (net):				
Assessments	-	2,702,680	2,702,680	-
Intergovernmental	83,959	-	83,959	-
User fee	153,200	231,919	385,119	-
Due from other funds	-	3,483,830	3,483,830	-
Total current assets	255,777	7,400,316	7,656,093	2,145,814
Noncurrent assets:				
Receivables:				
Assessments	-	10,457,244	10,457,244	-
Capital assets (net):				
Land	24,123	132,949	157,072	-
Construction in progress	3,097,268	-	3,097,268	-
Intangible assets	4,188	6,410,335	6,414,523	-
Buildings	185,946	274,799	460,745	-
Building improvements	99,066	4,484	103,550	-
Distribution and collection system	6,669,920	20,724,976	27,394,896	-
Machinery and equipment	35,318	597,318	632,636	-
Vehicles	38,984	-	38,984	-
Total capital assets (net)	10,154,813	28,144,861	38,299,674	-
Total noncurrent assets	10,154,813	38,602,105	48,756,918	-
Total assets	10,410,590	46,002,421	56,413,011	2,145,814
<u>Deferred Outflows of Resources</u>				
Pension related	23,453	17,590	41,043	-

(Continued)

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

Town of Bethel, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities
Enterprise Funds

Liabilities	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
Current liabilities:				
Accounts payable	\$ 203,489	\$ 38,571	\$ 242,060	\$ 5,833
Retainage payable	69,873	-	69,873	-
Accrued payroll and benefits	10,766	5,608	16,374	-
Accrued interest payable	3,092	38,873	41,965	-
Due to other funds	1,517,890	-	1,517,890	21,485
Bonds and notes payable	222,566	775,000	997,566	-
Total current liabilities	2,027,676	858,052	2,885,728	27,318
Noncurrent liabilities:				
Bonds, notes and related liabilities	3,217,696	11,991,361	15,209,057	-
Compensated absences	45,004	15,225	60,229	-
Net pension liability	230,977	173,233	404,210	-
OPEB liability	411,177	274,118	685,295	-
Total noncurrent liabilities	3,904,854	12,453,937	16,358,791	-
Total liabilities	5,932,530	13,311,989	19,244,519	27,318
Deferred Inflows of Resources				
Deferred charge on refunding	-	236,049	236,049	-
Pension related	220	165	385	-
OPEB related	12,210	8,140	20,350	-
Total deferred inflows of resources	12,430	244,354	256,784	-
Net Position				
Net investment in capital assets	6,714,551	15,142,451	21,857,002	-
Unrestricted	(2,225,468)	17,321,217	15,095,749	2,118,496
Total net position	\$ 4,489,083	\$ 32,463,668	\$ 36,952,751	\$ 2,118,496

(Concluded)

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

Town of Bethel, Connecticut

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2018

	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Operating revenues:				
Charges for services	\$ 2,066,714	\$ 2,693,021	\$ 4,759,735	\$ 142,392
Operating expenses:				
Personnel services	787,590	511,193	1,298,783	-
Repairs and maintenance	89,806	124,585	214,391	-
Contracted services	116,411	1,260,701	1,377,112	-
Materials and supplies	59,389	22,896	82,285	-
Utilities	69,318	84,512	153,830	-
Insurance	75,435	53,045	128,480	-
Claims incurred	-	-	-	70,000
Capital improvement	106,909	-	106,909	-
Depreciation and amortization	194,494	492,962	687,456	-
Total operating expenses	1,499,352	2,549,894	4,049,246	70,000
Operating income (loss)	567,362	143,127	710,489	72,392
Nonoperating revenues (expenses):				
Capital grant	223,294	-	223,294	-
Investment income	19	23,183	23,202	12,557
Assessment bond interest	-	496,384	496,384	-
Interest expense	(20,340)	(498,481)	(518,821)	-
Net nonoperating revenues (expenses)	202,973	21,086	224,059	12,557
Change in net position	770,335	164,213	934,548	84,949
Total net position - July 1, 2017 (as restated)	3,718,748	32,299,455	36,018,203	2,033,547
Total net position - June 30, 2018	\$ 4,489,083	\$ 32,463,668	\$ 36,952,751	\$ 2,118,496

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

Town of Bethel, Connecticut

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2018

	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 2,094,826	\$ 2,747,431	\$ 4,842,257	\$ 142,392
Receipts (payments) on interfund balances	(1,061,201)	(566,760)	(1,627,961)	64,167
Payments to suppliers	(732,551)	(1,781,836)	(2,514,387)	-
Payments to employees	(496,945)	(349,084)	(846,029)	-
Claims paid	-	-	-	(64,167)
Net cash provided by (used in) operating activities	<u>(195,871)</u>	<u>49,751</u>	<u>(146,120)</u>	<u>142,392</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,798,742)	(79,847)	(1,878,589)	-
Assessments	-	911,213	911,213	-
Assessment bond interest	-	496,384	496,384	-
Proceeds from grants and state drinking water loans	2,221,888	-	2,221,888	-
Principal payments (bonds and bond anticipation notes)	(206,935)	(820,000)	(1,026,935)	-
Interest payments, net	(20,340)	(576,312)	(596,652)	-
Net cash provided by (used in) capital and related financing activities	<u>195,871</u>	<u>(68,562)</u>	<u>127,309</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	19	23,183	23,202	12,557
Increase (decrease) in cash	19	4,372	4,391	154,949
Cash - July 1, 2017	<u>18,599</u>	<u>977,515</u>	<u>996,114</u>	<u>1,990,865</u>
Cash - June 30, 2018	<u>\$ 18,618</u>	<u>\$ 981,887</u>	<u>\$ 1,000,505</u>	<u>\$ 2,145,814</u>
Reconciliation to Exhibit F - Cash:				
Cash per above	\$ 18,618	\$ 981,887	\$ 1,000,505	\$ 2,145,814
Cash reported as investments	-	(405,976)	(405,976)	(1,363,858)
Cash - Exhibit F	<u>\$ 18,618</u>	<u>\$ 575,911</u>	<u>\$ 594,529</u>	<u>\$ 781,956</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 567,362	\$ 143,127	\$ 710,489	\$ 72,392
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	194,494	492,962	687,456	-
(Increase) decrease in:				
Receivables	28,112	54,410	82,522	-
Due from other funds	-	(566,760)	(566,760)	64,167
Increase (decrease) in:				
Accounts and other payables	75,362	(73,988)	1,374	5,833
Due to other funds	(1,061,201)	-	(1,061,201)	-
Net cash provided by (used in) operating activities	<u>\$ (195,871)</u>	<u>\$ 49,751</u>	<u>\$ (146,120)</u>	<u>\$ 142,392</u>

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

Town of Bethel, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Pension Trust Funds</u>	<u>Private - Purpose Trust Funds</u>	<u>Custodial Funds</u>
<u>Assets</u>			
Cash	\$ -	\$ 47,203	\$ 15,183
Investments:			
Mutual funds:			
Equity	6,440,341	98,472	-
Bond	3,776,940	38,970	-
Certificates of deposit	-	-	655,737
Bank money market accounts	2,209,940	4,565	-
U.S. government obligations	5,223,979	-	-
U.S. government agency securities	-	153,317	-
Common stock	16,208,847	-	-
Corporate bonds	9,361,968	-	-
Total investments	43,222,015	295,324	655,737
Prepaid benefits and fees	586,430	-	-
Total assets	<u>43,808,445</u>	<u>342,527</u>	<u>670,920</u>
<u>Net Position</u>			
Restricted for:			
Pensions	43,808,445	-	-
Individuals and organizations	-	342,527	670,920
Total net position	<u>\$ 43,808,445</u>	<u>\$ 342,527</u>	<u>\$ 670,920</u>

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

Town of Bethel, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2018

	Pension Trust Funds	Private - Purpose Trust Funds	Custodial Funds
Additions:			
Contributions:			
Employer	\$ 2,215,000	\$ -	\$ -
Plan members	622,784	-	-
Private contributions	-	42,003	-
Charges for services	-	-	1,034,108
Total contributions	<u>2,837,784</u>	<u>42,003</u>	<u>1,034,108</u>
Investment income (loss):			
Change in fair value of investments	1,758,063	(10,157)	-
Interest and dividends	1,577,462	14,896	-
Total investment income (loss)	3,335,525	4,739	-
Less investment expenses	<u>304,407</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>3,031,118</u>	<u>4,739</u>	<u>-</u>
Total additions	<u>5,868,902</u>	<u>46,742</u>	<u>1,034,108</u>
Deductions:			
Benefits	2,477,966	-	-
Administration	334,331	150	-
Scholarships awarded	-	49,675	-
Activities and events	-	-	1,017,134
Total deductions	<u>2,812,297</u>	<u>49,825</u>	<u>1,017,134</u>
Change in net position	3,056,605	(3,083)	16,974
Net position - July 1, 2017 (as restated)	<u>40,751,840</u>	<u>345,610</u>	<u>653,946</u>
Net position - June 30, 2018	<u>\$ 43,808,445</u>	<u>\$ 342,527</u>	<u>\$ 670,920</u>

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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**History and organization**

The Town of Bethel was incorporated in 1855 and covers an area of 17 square miles. The Town operates under a Selectmen-Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted November 6, 1973. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, sewers and water, a free public library and education encompassing grades PreK-12.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *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 is 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.

B. Measurement focus, basis of accounting and financial statement presentation

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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

Property taxes, intergovernmental revenues, charges for services 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. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The Bonded Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Capital Nonrecurring Fund accounts for activities associated with major capital improvements and equipment.

The Town reports the following major proprietary funds:

The Water Department Fund accounts for the activities of the Town's water operations.

The Sewer Department Fund accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for risk financing activities for prescription benefits and Town and Board of Education retiree medical insurance benefits.

The Private-Purpose Trust Funds are used to account for resources legally held in trust for various scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities.

The Pension Trust Funds account for the activities of the Bethel Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Custodial Funds account for monies held on behalf of students.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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 the Town's sewer, water and transfer station operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water department enterprise fund, sewer department enterprise fund and of the Town's internal service funds are charges to customers for sales and services. The sewer department also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Cash and investments**

Cash – For cash flow purposes the Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)**

The Town's pension funds have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash equivalent guidelines.

The investment guidelines are as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	20%	60%	60%
Fixed income	40%	90%	40%
Cash equivalents	2%	20%	N/A

No investment should be more than 5% of the total fund and not more than 25% should be in any one industry.

For fixed income investments, no more than 20% may be invested in bonds that are below investment grade. In addition, the maximum maturity for any single security is 30 years and the average portfolio maturity may not exceed 15 years.

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

2. Receivables and payables

a. Interfunds

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

b. Property taxes and other receivables

In the government-wide financial statements, all trade, property tax and water and sewer use are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 24% of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred inflows of resources since they are not considered to be available to finance expenditures of the current year.

Property taxes are assessed on property as of October 1. Real estate taxes are billed in the following July and are due in four installments, July 1, October 1, January 1 and April 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)**

3. Restricted assets

The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the 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 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. The total interest expense incurred by the water and sewer departments during the current fiscal year was \$20,340 and \$498,481, respectively. These amounts were not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	50-75
Building improvements	50
Land improvements	50
Roads	75
Bridges	50
Sewer plant	50
Sewer lines	40-50
Water lines and pumping stations	50-100
Vehicles	7-25
Equipment	10-25
Intangible assets	15-75

Intangible assets for governmental activities are for computer software, which is amortized over the expected useful life of the software. Intangible assets for business-type activities are for computer software and for capacity at a sewer treatment plant owned and operated by another municipality. These are amortized over the useful life of the software and equipment.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)****5. Deferred outflows/inflows of resources**

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

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow related to pensions and OPEB for the differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on plan investments. These deferred inflows will be amortized over the remaining service life of all plan members. The deferred inflow for the net difference between projected and actual earnings of the plan investments will be amortized over a five year period. The Town also reports the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes (including advance collections, if any). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated absences

All employees, except those specified below, are granted vacation and sick time based upon contractual provisions. At anniversary year end, unused vacation and sick time do not accumulate or vest; therefore, in the event of termination or retirement, employees are not compensated for unused vacation and sick time.

The Board of Education employees are paid vacation on a fiscal year basis; therefore, unused vacation lapses at June 30. The Town employees are paid vacation on an anniversary date basis; therefore, a liability for unused vacation has been recorded. The liability for compensated absences has also been recorded in the enterprise funds' financial statements as a noncurrent liability.

Certified employees at the Board of Education may accumulate up to 150 days of unused sick time. Only upon retirement are they entitled to receive 50% reimbursement. Retirement amounts are included in the current year budget to reimburse current year retirees.

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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)****7. 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 are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

8. Net position flow assumption

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

9. Fund equity and net position

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

Net investment in capital assets

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted net position

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

Unrestricted net position

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

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

Nonspendable

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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity
(continued)**Restricted

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

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Board of Finance.

Assigned

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

Unassigned

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

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

Minimum Fund Balance Policy

The Board of Finance adopted a minimum fund balance policy for the general fund. It is the policy of the Town to maintain a fund balance of 10% of the operating general fund expenditures.

10. Use of estimates

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

11. Reclassifications

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

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****II. Stewardship, compliance and accountability****A. Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements:

1. In April, the Board of Finance submits to a public hearing, at which taxpayer comments are obtained, the proposed operating budget of the general fund (the only fund for which a legal budget is adopted) for the year commencing July 1. The budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.
2. The Board of Finance submits its proposed budget to the annual Town Meeting, which is held on one of the first seven days in May. Those in attendance at the annual Town Meeting may, by majority vote, decrease any appropriations or approve the appropriations as presented. Appropriations may not be increased. The final budget is then automatically referred to a machine vote for approval. The date of the machine vote is also established by the annual Town Meeting, which must be held not less than seven nor more than fourteen days from the date of the annual Town Meeting.
3. The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another, with the exception of the wage contingency account. Authority to transfer budgeted funds is vested in the Comptroller for settlement of union contracts and general salary increases approved by the First Selectman only. Management may not authorize any additional appropriations. All additional appropriations less than \$50,000 require Board of Selectmen and Board of Finance approval. Those in excess of \$50,000 require full legislative approval (Town Meeting). There were additional appropriations of \$2,000,000 during the year.
4. Formal budgetary integration is employed as a management control device during the year.
5. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
6. The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

II. Stewardship, compliance and accountability (continued)

B. Donor-restricted endowments

The Town has received certain endowments for various scholarship purposes. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$37,082 for the Hennessy Scholarship fund, \$53,317 for the Menegay Scholarship fund and \$910 for the Education Scholarships fund, is approved for expenditure by the individual Boards of the benefiting activities and is included in restricted net position.

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

C. Capital projects authorizations

The following is a summary of certain projects recorded in the Bonded Projects Fund:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Road construction	\$ 1,038,808	\$ 829,799	\$ 209,009
Road construction	500,000	209,009	290,991
Police station	14,380,000	11,816,632	2,563,368
Energy saving project	<u>4,305,492</u>	<u>4,305,492</u>	<u>-</u>
Totals	<u>\$ 20,224,300</u>	<u>\$ 17,160,932</u>	<u>\$ 3,063,368</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

III. Detailed notes**A. Cash and Investments****Deposits - custodial credit risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$31,564,134 of the Town's bank balance of \$33,356,799 (including certificates of deposit and money market accounts) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 27,080,905
Uninsured and collateral held by the pledging bank's trust department not in the Town's name	<u>4,483,229</u>
Total amount subject to custodial credit risk	<u>\$ 31,564,134</u>

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

The Town's investments consisted of the following:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		N/A	Less than 1	1-5 Years	6-10 Years
Mutual funds:					
Equity	\$ 6,538,813	\$ 6,538,813	\$ -	\$ -	\$ -
Bond	14,003,720	-	10,393,296	1,925,783	1,684,641
Certificates of deposit	12,109,464	-	12,109,464	-	-
Common stock	16,208,847	16,208,847	-	-	-
Bank money market accounts	3,884,671	-	3,884,671	-	-
U.S. government obligations	5,223,979	-	-	5,223,979	-
U.S. government agency securities	192,850	-	192,850	-	-
Corporate bonds	9,361,968	-	610,654	8,751,314	-
Total	<u>\$ 67,524,312</u>	<u>\$ 22,747,660</u>	<u>\$ 27,190,935</u>	<u>\$ 15,901,076</u>	<u>\$ 1,684,641</u>

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Observable inputs: quoted prices for identical securities in markets that are not active; and
- Level 3:* Unobservable inputs.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

A. Cash and Investments (continued)

The Town had the following recurring fair value measurements:

	Amount	Quoted Market	Significant
		Prices in Active Markets Level 1	Observable Inputs Level 2
<u>Investments by Fair Value Level</u>			
Mutual Funds:			
Equity	\$ 6,538,813	\$ 6,538,813	\$ -
Bond	14,003,720	14,003,720	-
Common stock	16,208,847	16,208,847	-
U.S. government obligations	5,223,979	-	5,223,979
U.S. government agency obligations	192,850	-	192,850
Corporate bonds	9,361,968	-	9,361,968
Total Investments by Fair Value Level	<u>51,530,177</u>	<u>\$ 36,751,380</u>	<u>\$ 14,778,797</u>
<u>Other Investments</u>			
Certificates of deposit	12,109,464		
Bank money market accounts	<u>3,884,671</u>		
Total other investments	<u>15,994,135</u>		
Total Investments	<u>\$ 67,524,312</u>		

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

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

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

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

Average Rating	Bond Mutual Funds	US Government Obligations	US Government Agency Securities	Corporate Bonds
AAA	\$ 1,161,631	\$ 5,223,979	\$ 192,850	\$ 872,773
AA	10,827,061	-	-	2,722,180
A	-	-	-	3,123,906
B	2,015,028	-	-	-
BBB	-	-	-	2,643,109
Total	<u>\$ 14,003,720</u>	<u>\$ 5,223,979</u>	<u>\$ 192,850</u>	<u>\$ 9,361,968</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

A. Cash and Investments (continued)

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

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

The Town's investments are subject to custodial credit risk as follows:

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
Common stock	\$ 16,208,847	\$ 500,000	\$ 15,708,847
U.S. government obligations	5,223,979	1,000,000	4,223,979
U.S. government agency securities	192,850	153,317	39,533
Corporate bonds	9,361,968	-	9,361,968
	<hr/>		
Total	<u>\$ 30,987,644</u>	<u>\$ 1,653,317</u>	<u>\$ 29,334,327</u>

B. Receivables

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

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Liens</u>	<u>Total</u>
Current portion	<u>\$ 551,850</u>	<u>\$ 87,495</u>	<u>\$ 639,345</u>
Long-term portion	245,736	87,494	333,230
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(75,000)</u>	<u>(225,000)</u>
Net long-term portion	<u>\$ 95,736</u>	<u>\$ 12,494</u>	<u>\$ 108,230</u>

	<u>User Fee Receivables</u>			<u>Small Cities Loans</u>
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>	
Gross receivable	\$ 158,200	\$ 239,419	\$ 397,619	\$ 386,722
Less allowance for uncollectibles	<u>(5,000)</u>	<u>(7,500)</u>	<u>(12,500)</u>	<u>(7,800)</u>
Net receivable	<u>\$ 153,200</u>	<u>\$ 231,919</u>	<u>\$ 385,119</u>	<u>\$ 378,922</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 6,957,720	\$ -	\$ -	\$ 6,957,720
Construction in progress	5,888,221	14,646,818	5,243,228	15,291,811
Total capital assets, not being depreciated	12,845,941	14,646,818	5,243,228	22,249,531
Capital assets, being depreciated:				
Land improvements	2,663,944	559,609	-	3,223,553
Buildings	88,929,745	-	-	88,929,745
Building improvements	14,509,037	4,350,397	-	18,859,434
Machinery and equipment	9,314,103	748,554	-	10,062,657
Intangible assets	131,849	-	-	131,849
Vehicles	6,837,951	622,367	44,772	7,415,546
Infrastructure	24,289,612	1,331,438	-	25,621,050
Total capital assets, being depreciated	146,676,241	7,612,365	44,772	154,243,834
Total capital assets	159,522,182	22,259,183	5,288,000	176,493,365
Less accumulated depreciation for:				
Land improvements	898,178	119,013	-	1,017,191
Buildings	22,835,084	1,187,543	-	24,022,627
Building improvements	6,474,081	525,405	-	6,999,486
Machinery and equipment	5,575,404	773,914	-	6,349,318
Intangible assets	49,442	6,592	-	56,034
Vehicles	2,827,028	290,562	2,015	3,115,575
Infrastructure	4,161,311	416,195	-	4,577,506
Total accumulated depreciation	42,820,528	3,319,224	2,015	46,137,737
Total capital assets, being depreciated, net	103,855,713	4,293,141	42,757	108,106,097
Governmental activities capital assets, net	\$ 116,701,654	\$ 18,939,959	\$ 5,285,985	\$ 130,355,628

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

<u>Governmental activities:</u>	
General government	\$ 187,766
Public safety	355,642
Public works	592,384
Library	207,288
Health and welfare	1,429
Parks and recreation	49,023
Education	1,925,692
Total depreciation expense - governmental activities	\$ 3,319,224

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Capital assets (continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 157,072	\$ -	\$ -	\$ 157,072
Construction in progress	1,493,413	1,862,023	258,168	3,097,268
Total capital assets, not being depreciated	1,650,485	1,862,023	258,168	3,254,340
Capital assets, being depreciated:				
Intangible assets	12,144,523	-	-	12,144,523
Buildings	4,272,637	-	-	4,272,637
Building improvements	78,674	83,165	-	161,839
Distribution and collection system	34,305,307	161,487	-	34,466,794
Machinery and equipment	1,516,145	15,041	-	1,531,186
Vehicles	144,875	15,041	-	159,916
Total capital assets, being depreciated	52,462,161	274,734	-	52,736,895
Total capital assets	54,112,646	2,136,757	258,168	55,991,235
Less accumulated depreciation for:				
Intangible assets	5,567,043	162,957	-	5,730,000
Buildings	3,749,328	62,564	-	3,811,892
Building improvements	55,104	3,185	-	58,289
Distribution and collection system	6,657,182	414,716	-	7,071,898
Machinery and equipment	858,201	40,349	-	898,550
Vehicles	117,247	3,685	-	120,932
Total accumulated depreciation	17,004,105	687,456	-	17,691,561
Total capital assets, being depreciated, net	35,458,056	(412,722)	-	35,045,334
Business-type capital assets, net	\$ 37,108,541	\$ 1,449,301	\$ 258,168	\$ 38,299,674
<u>Business-type activities</u>				
Water			\$ 194,494	
Sewer			492,962	
Total depreciation/amortization expense - business-type activities			\$ 687,456	

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Capital assets (continued)

Construction commitments

The Town has the following commitments:

Police station project	\$1,452,774
School projects	1,100,319
Briar Cliff	185,397

D. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds:</u>			
<u>General fund:</u>			
Health department grants	N/A	\$ -	\$ 38,988
Public safety grants	N/A	-	78,609
School lunch program	N/A	2,989	-
Education grants	N/A	-	1,075,649
Railroad station	N/A	-	14,221
Railroad station renovation	N/A	-	13,507
General government	N/A	-	18,710
Debt service	N/A	-	1,973,892
Small cities program	N/A	-	60,834
Capital nonrecurring	N/A	-	51,769
Bonded projects	N/A	-	6,073,952
Water department	N/A	1,407,277	-
Sewer department	N/A	-	3,373,217
Internal service - BOE self insurance	N/A	21,485	-
Total general fund		<u>1,431,751</u>	<u>12,773,348</u>
<u>Bonded projects:</u>			
Bonded projects	General fund	6,073,952	-
Bonded projects	Capital nonrecurring	-	30,000
Total bonded projects		<u>6,073,952</u>	<u>30,000</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
<u>Capital nonrecurring:</u>			
Capital nonrecurring	General fund	\$ 51,769	\$ -
Capital nonrecurring	Bonded projects	30,000	-
Capital nonrecurring	Debt service	59,898	-
Total capital nonrecurring		141,667	-
<u>Water department:</u>			
Water department	Sewer department	-	110,613
Water department	General fund	-	1,407,277
Total water department		-	1,517,890
<u>Sewer department:</u>			
Sewer department	Water department	110,613	-
Sewer department	General fund	3,373,217	-
Total sewer department		3,483,830	-
<u>Internal service funds:</u>			
Board of Education medical self insurance	General fund	-	21,485
<u>Other governmental funds:</u>			
Small cities program	General fund	60,834	-
Health department grants	General fund	38,988	-
Public safety grants	General fund	78,609	-
Education grants	General fund	1,075,649	-
School lunch program	General fund	-	2,989
Railroad station	General fund	14,221	-
Railroad station renovation	General fund	13,507	-
General government	General fund	18,710	-
Debt service	General fund	1,973,892	-
Debt service	Capital nonrecurring	-	59,898
Total other governmental funds		3,274,410	62,887
Grand total		\$ 14,405,610	\$14,405,610

All interfund balances result from time lag between the dates payments occur between funds for short-term internal financing.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Interfund accounts (continued)

2. Advance payable and receivable

	Corresponding Fund	Advances To	Advances From
General fund:			
Bennett property	N/A	\$ 17,865	\$ -
Other governmental funds:			
Bennett property	General fund	-	17,865
Grand total		<u>\$ 17,865</u>	<u>\$ 17,865</u>

Advances relate to working capital loans. Balances are not scheduled to be collected in the subsequent year.

3. Interfund transfers

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

	Corresponding Fund	Transfer In	Transfer Out
General Fund:			
Capital nonrecurring	N/A	\$ -	\$ 225,000
Bonded projects	N/A	-	2,999,923
Total General fund		<u>-</u>	<u>3,224,923</u>
Major- Bonded Projects:			
Bonded projects	General fund	<u>2,999,923</u>	<u>-</u>
Major- Capital Nonrecurring:			
Capital nonrecurring	General fund	<u>225,000</u>	<u>-</u>
Fiduciary Funds:			
Town pension fund	Police pension fund	81,728	-
Police pension fund	Town pension fund	<u>-</u>	<u>81,728</u>
Grand total		<u>\$3,306,651</u>	<u>\$ 3,306,651</u>

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

E. Short-term obligations**1. Bond anticipation notes**

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

Short-term obligation activity for the fiscal year was as follows:

Governmental activities:

Project	Balance July 1, 2017	Additions	Reductions	Permanently Financed	Balance June 30, 2018
General purpose- capital	\$ 8,690,270	\$16,955,697	\$17,640,890	\$ 3,555,077	\$ 4,450,000
Road paving	1,285,000	1,185,000	2,470,000	-	-
Public works equipment	329,730	289,380	619,110	-	-
School renovation	100,000	2,134,245	170,000	2,064,245	-
Police headquarters	-	26,835,678	12,455,000	14,380,678	-
Total	\$ 10,405,000	\$47,400,000	\$33,355,000	\$20,000,000	\$ 4,450,000

Business-type activities:

Project	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Sewer Department	\$ 50,000	\$ -	\$ 50,000	\$ -

The bond anticipation notes mature in December 2018, and carry a coupon interest rate of 2.5%. In November 2018, the Town issued \$20,000,000 of general obligation bonds and \$13,825,000 of general obligation bonds anticipation notes. The bonds permanently financed a portion of the bond anticipation notes outstanding at fiscal year end. These bonds mature through 2038 and carry interest rates of 3.00% - 5.00%. These bond anticipation notes mature in July of 2019 and carry coupon interest rate of 3.00%.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. Changes in long-term obligations

1. Summary of changes

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	(As restated)	Additions	Deductions	Balance June 30, 2018	Current Portion	Long-term Portion
					Balance July 1, 2017					
General purpose:										
Refunding bonds	\$ 1,785,000	04/28/10	07/15/20	4.00-5.00%	\$ 955,000	\$ -	\$ 315,000	\$ 640,000	\$ 320,000	\$ 320,000
Refunding bonds	1,992,000	04/28/10	07/15/20	3.00-5.00%	990,000	-	165,000	825,000	165,000	660,000
Refunding bonds	1,630,000	05/14/14	08/01/24	2.00-3.00%	1,630,000	-	-	1,630,000	-	1,630,000
Total general purpose					3,575,000	-	480,000	3,095,000	485,000	2,610,000
School:										
Refunding bonds	4,648,000	04/28/10	07/15/20	3.00-5.00%	2,160,000	-	360,000	1,800,000	360,000	1,440,000
Refunding bonds	18,405,000	04/28/15	11/15/34	1.00-5.00%	16,530,000	-	755,000	15,775,000	895,000	14,880,000
Total school					18,690,000	-	1,115,000	17,575,000	1,255,000	16,320,000
Total bonds					22,265,000	-	1,595,000	20,670,000	1,740,000	18,930,000
Bond anticipation notes (permanently financed)					-	20,000,000	-	20,000,000	-	20,000,000
Premium					577,764	-	97,219	480,545	-	480,545
Total bonds and notes and related liabilities					22,842,764	20,000,000	1,692,219	41,150,545	1,740,000	39,410,545
Capital lease payable					4,102,177	-	382,946	3,719,231	391,273	3,327,958
Compensated absences					4,059,372	92,558	322,921	3,829,009	765,802	3,063,207
Net pension liability					10,702,032	5,296,346	5,879,242	10,119,136	-	10,119,136
OPEB liability					13,417,193	1,038,991	864,495	13,591,689	-	13,591,689
Total long-term obligations					\$ 55,123,538	\$ 26,427,895	\$ 9,141,823	\$ 72,409,610	\$ 2,897,075	\$ 69,512,535

All long-term liabilities are generally liquidated by the general fund or the debt service fund.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. Changes in long-term obligations (continued)

Enterprise funds (1):

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	(As restated)	Additions	Deductions	Balance	Current Portion	Long-term Portion
					Balance July 1, 2017			Balance June 30, 2018		
Bonds:										
Sewer:										
Refunding bonds	\$ 2,975,000	05/14/14	08/01/31	2.00-3.25%	\$ 2,570,000	\$ -	\$ 190,000	\$ 2,380,000	\$ 190,000	\$ 2,190,000
Refunding bonds	12,010,000	04/07/15	11/15/34	1.00-5.00%	10,855,000	-	580,000	10,275,000	585,000	9,690,000
Total bonds					13,425,000	-	770,000	12,655,000	775,000	11,880,000
Notes:										
Water:										
DWSRF 2016-7040	1,855,379	05/31/17	11/30/36	2.00%	1,855,379	-	137,520	1,717,859	77,940	1,639,919
DWSRF 2017-7051	1,025,306	07/31/17	07/31/37	2.00%	378,231	647,075	46,222	979,084	86,188	892,896
DWSRF 2017-7054	766,512	05/31/17	05/31/37	2.00%	658,630	107,882	23,193	743,319	58,438	684,881
Total water					2,892,240	754,957	206,935	3,440,262	222,566	3,217,696
Premium					118,422	-	7,061	111,361	-	111,361
Total bonds and notes and related liabilities					16,435,662	754,957	983,996	16,206,623	997,566	15,209,057
Compensated absences					22,204	41,945	3,920	60,229	-	60,229
Net pension liability					410,269	268,298	274,357	404,210	-	404,210
OPEB liability					676,497	52,386	43,588	685,295	-	685,295
Total enterprise funds					\$17,544,632	\$ 1,117,586	\$ 1,305,861	\$17,356,357	\$ 997,566	\$ 16,358,791

- (1) The sewer improvement bonds are supported by means of an assessment program. All obligations are backed by the full faith and credit of the Town.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. Changes in long-term obligations (continued)

The following is a summary of debt maturities:

Year Ending June 30	Debt Maturities					
	Bonds	General Purpose Interest	Sewer Bonds	Sewer Interest	Notes	Notes Interest
2019	\$ 1,740,000	\$ 788,613	\$ 775,000	\$ 456,532	\$ 222,566	\$ 73,658
2020	1,760,000	701,113	780,000	423,282	152,142	62,401
2021	1,790,000	615,713	790,000	388,657	155,212	59,317
2022	1,795,000	532,738	795,000	352,682	158,345	56,171
2023	1,800,000	451,038	800,000	317,307	161,541	52,963
2024	1,285,000	383,257	800,000	282,413	164,802	49,687
2025	1,275,000	337,458	800,000	253,350	168,126	47,108
2026	950,000	305,069	620,000	230,031	174,488	42,940
2027	940,000	276,719	615,000	206,481	174,984	39,463
2028	930,000	244,019	1,100,000	180,281	178,516	35,917
2029	930,000	206,819	605,000	151,281	179,002	32,299
2030	930,000	169,619	920,000	122,356	182,604	26,648
2031	925,000	137,144	600,000	96,413	189,545	22,843
2032	915,000	108,972	900,000	73,160	193,372	18,961
2033	910,000	78,750	590,000	51,100	197,274	15,000
2034	900,000	47,075	585,000	30,538	201,256	10,961
2035	895,000	15,658	580,000	10,145	205,318	6,838
2036	-	-	-	-	209,462	2,958
2037	-	-	-	-	148,273	831
2038	-	-	-	-	23,434	-
Totals	\$ 20,670,000	\$ 5,399,774	\$ 12,655,000	\$ 3,626,009	\$ 3,440,262	\$ 656,964

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. Changes in long-term obligations (continued)

2. Statutory debt limitations

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$139,226,220	\$ 25,480,755	\$ 113,745,465
Schools	278,452,440	19,639,245	258,813,195
Sewer	232,043,700	-	232,043,700
Urban renewal	201,104,540	-	201,104,540
Pension deficit	185,634,960	-	185,634,960

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$433,148,240.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

3. Capital leases

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

Computers, equipment and vehicles totaling \$594,775, net of accumulated depreciation of \$551,441, are recorded under the capital lease. This year, \$10,535 was included in depreciation expense.

Capital assets for the energy lease totaled \$4,305,492, net of accumulated depreciation of \$86,110. This year, \$86,110 was included in depreciation expense.

The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments:

Year Ending <u>June 30,</u>	
2019	\$ 495,479
2020	272,527
2021	281,164
2022	306,923
2023	316,592
2024-2028	1,738,453
2029-2030	1,010,772
Less amount representing interest	<u>(702,679)</u>
Present value of minimum lease payments	<u>\$ 3,719,231</u>

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

F. Changes in long-term obligations (continued)**4. Authorized/unissued bonds**

The amounts of authorized, unissued bonds are as follows:

General purpose	\$ 15,033,325
Schools	<u>9,578,623</u>
Total	<u>\$ 24,611,948</u>

5. Conduit debt

The Bethel Baseball Association was desirous of having lighting installed at the baseball field at Mitchell Park. The Association and the Town executed an agreement that has the Town purchase, finance and install the lighting, and the Association would be responsible for the lease payments related to the financing. The lease agreement is payable over a 10 year period due in August 2022. The cost of the equipment is \$130,500 with total financing costs over the 10 years of \$43,365. The agreement between the Association and Town requires the Association to pay the Town annual installments through 2022.

The outstanding balance of the capital lease was \$69,225. The Town has no obligation to pay the lease beyond the payment received from the lease payment received from the Association.

G. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$144,468.

H. Deficit fund balances

The Bennett Property fund had a deficit fund balance at year end of \$19,183. The deficit will be reduced or eliminated in future years as amounts are received for charges for services.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

I. Fund balance classifications

Fund balance components are as follows:

Fund Balance Component	General Fund	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Advance to other funds	\$ 17,865	\$ -	\$ -	\$ -	\$ 17,865
Small cities grant	-	-	-	378,922	378,922
Total nonspendable	17,865	-	-	378,922	396,787
<u>Restricted:</u>					
Health and welfare:					
Small cities grant	-	-	-	87,976	87,976
Health grants	-	-	-	38,988	38,988
Public safety:					
Police equipment	-	-	-	78,609	78,609
School lunch program	-	-	-	110,168	110,168
General government:					
Railroad station operations	-	-	-	284,434	284,434
Historic documents preservation	-	-	-	34,300	34,300
Total restricted	-	-	-	634,475	634,475
<u>Committed:</u>					
General government:					
Railroad station improvements	-	-	-	37,663	37,663
Planning and Zoning commission	-	-	-	63,875	63,875
Library operations	-	-	-	56,468	56,468
Education grant programs	-	-	-	1,076,214	1,076,214
Education (general)	576,092	-	-	-	576,092
Approved projects	-	392,529	1,816,330	-	2,208,859
Total committed	576,092	392,529	1,816,330	1,234,220	4,019,171
<u>Assigned:</u>					
Future debt service payments	-	-	-	1,918,597	1,918,597
<u>Unassigned</u>	18,426,970	-	-	(19,183)	18,407,787
Total	\$ 19,020,927	\$ 392,529	\$ 1,816,330	\$ 4,147,031	\$ 25,376,817

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in the prior year.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for pharmacy claims and future Town and Board of Education retiree medical claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Board of Education is charged premiums by the Internal Service Fund, which are included in expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

The claims liability reported in the Internal Service Fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

B. Commitments and litigation

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

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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans

1. Plan description

A. Plan administration

The Town administers two single employer, contributory, defined benefit pension plans (Town of Bethel and Town of Bethel Police Department). The Town plan was adopted in 1968 and revised in 2000. The Police plan was established by a memorandum of understanding effective July 1, 1997. Town employees become eligible as of their date of hire and for employees hired after January 1, 2001, participation is mandatory. All full time police officers become eligible on their date of employment. The Pension Commission makes recommendations for plan provisions, which are approved by the Board of Selectman. Both plans are part of the Town's reporting entity and are included in the Town's financial report as two pension trust funds. The plans do not issue separate, stand alone financial reports.

Management of the plan is vested in the Board of Selectman.

B. Plan membership

As of July 1, 2017, the plans' membership consists of the following:

	<u>Town</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	109	16
Terminated employees entitled to benefits but not yet receiving them	14	2
Active plan members	<u>120</u>	<u>36</u>
Totals	<u>243</u>	<u>54</u>

2. Benefit provisions

Town

The plan provides retirement, disability and death benefits. Retirement benefits for the Town employees under the non-contributory formula are calculated as 2 percent of the member's average monthly earnings times the years of benefit service less 50% of the employee's social security benefit. Retirement benefits under the contributory formula are calculated as 2% of average monthly compensation multiplied by years of service (maximum of 35 years). Benefits are reduced by 20% when the participant attains social security retirement age. Town plan members with 5 years of service are eligible to retire at age 55 at a reduced benefit amount.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**C. Pension plans (continued)**

All plan members permanently and totally disabled for at least 5 consecutive months may qualify for disability benefits. Disability benefits will be equal to 50 percent of the member's average earnings determined at the date of disability less other payments which may be payable by reason of disability. Death benefits will be paid any time prior to the member's termination of employment.

A plan member who leaves Town service and has attained 10 years of service will be entitled to 100% of the accrued benefit deferred to normal retirement date.

Police

The plan provides retirement, disability, and death benefits. Retirement benefits for the Police are calculated as 2 percent of the average highest 5 years base compensation multiplied by years of credited service up to a maximum of 30 years credited service and is reduced by 30 percent of the amount calculated when the member attains his or her social security retirement age. For police plan members who have attained their early retirement date, the accrued benefit is payable immediately with a 6% per year reduction calculated from the earlier of the following dates: the date on which the member reaches age 55 with 10 years of service or the date on which the member would have completed 25 years of service. The benefit is reduced by 30 percent when the member reaches social security retirement age.

All plan members permanently and totally disabled for at least 182 continuous days following the date on which the member is unable to perform his or her own job may qualify for disability benefits. Disability payments shall cease after 24 consecutive months unless at that time the member is unable to perform any job or occupation for which he is suited by reason of his education or training. Disability benefits will be the lessor of 50 percent of the member's compensation, determined at the date of disability or \$24,000. Death benefits will be paid if a member was married on the date of death.

A plan member who leaves Police service after 10 years of service will be entitled to 100% of the accrued benefit, deferred to normal retirement date.

3. ContributionsTown

Employees hired on or after January 1, 2001 are required to make contributions of 4% of pay.

Police

Members are required to contribute 6.5% of base salary. Members with 30 or more years of service shall contribute 3.25% of base salary. Contributions cease after 30 years of contributions.

For each member hired before July 1, 1997, the Town shall contribute 8.5% of base salary. In addition, the Town shall contribute an actuarially determined amount.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

C. Pension plans (continued)

The Town's contributions are actuarially determined on an annual basis using the entry age normal method for the Town plan and the Police plan. The Town's contributions were 15.43% and 40.10% of covered payroll, respectively, for the Town and Police plans. Administration costs are financed from investment earnings.

4. Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Insurance and Pension Commission of the Town. It is the policy of the Town's Insurance and Pension Commission to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Commission's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60%
Fixed income	<u>40%</u>
Total	<u>100%</u>

5. Concentrations

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

6. Rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.99% and 6.61% for the Town and Police plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

7. Net pension liability

The components of the net pension liability were as follows:

	<u>Town</u>	<u>Police</u>
Total pension liability	\$ 37,578,235	\$ 16,753,556
Plan fiduciary net position	<u>(31,803,808)</u>	<u>(12,004,637)</u>
Net pension liability	<u>\$ 5,774,427</u>	<u>\$ 4,748,919</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.63%</u>	<u>71.65%</u>

8. Actuarial assumptions

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

	<u>Town</u>	<u>Police</u>
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
Amortization method	Level percent, closed	Level percent, closed
Inflation	2.70%	2.70%
Salary increase	3.00%	4.00%, average
Investment rate of return	6.75%, net of pension plan investment expense, including inflation	6.75%, net of pension plan investment expense, including inflation
Mortality rates	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

C. Pension plans (continued)**8. Actuarial assumptions (continued)**

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

<u>Asset Class</u>	<u>Town and Police Plans' Long-Term Expected Real Rate of Return</u>
Core Fixed Income	2.65%
Broad U.S. Equities	4.86%

The total weighted average expected rate of return is 6.75% (excludes inflation).

9. Discount rate

The discount rate used to measure the total pension liability was 6.75% for the Town and Police Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)**10. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The changes in net pension liability for each plan for the fiscal year were as follows:

<u>Town Plan</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 35,826,779	\$ 29,965,798	\$ 5,860,981
Service cost	851,894	-	851,894
Interest	2,481,626	-	2,481,626
Differences between expected and actual experience	259,629	-	259,629
Contributions - employer	-	1,190,000	(1,190,000)
Contributions - member	-	411,011	(411,011)
Net investment income	-	2,236,644	(2,236,644)
Benefit payments, including refunds of member contributions	(1,841,693)	(1,841,693)	-
Administration	-	(239,680)	239,680
Other changes - transfer in from police plan	-	81,728	(81,728)
Net change	1,751,456	1,838,010	(86,554)
Balance at June 30, 2018	\$ 37,578,235	\$ 31,803,808	\$ 5,774,427
<u>Police</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 16,037,362	\$ 10,786,042	\$ 5,251,320
Service cost	525,522	-	525,522
Interest	1,029,914	-	1,029,914
Differences between expected and actual experience	(202,969)	-	(202,969)
Contributions - employer	-	1,025,000	(1,025,000)
Contributions - member	-	211,773	(211,773)
Net investment income	-	794,474	(794,474)
Benefit payments, including refunds of member contributions	(636,273)	(636,273)	-
Administration	-	(94,651)	94,651
Other changes - transfer out to town plan	-	(81,728)	81,728
Net change	716,194	1,218,595	(502,401)
Balance at June 30, 2018	\$ 16,753,556	\$ 12,004,637	\$ 4,748,919

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)**11. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 6.75% for the Town and Police Plans as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
<u>Town</u>			
Net pension liability	\$ 9,901,249	\$ 5,774,427	\$ 2,128,393
<u>Police</u>			
Net pension liability	\$ 7,164,821	\$ 4,748,919	\$ 2,668,705

12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the fiscal year the Town recognized pension expense of \$1,611,934 for the Town Plan and \$845,224 for the Police Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Town Plan</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 311,012	\$ (5,497)
Net difference between projected and actual earnings on pension plan investments	275,312	-
Total	<u>\$ 586,324</u>	<u>\$ (5,497)</u>
Net amount of deferred inflows and outflows		<u>\$ 580,827</u>
<u>Police</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 83,380	\$ (527,220)
Net difference between projected and actual earnings on pension plan investments	120,224	-
Total	<u>\$ 203,604</u>	<u>\$ (527,220)</u>
Net amount of deferred inflows and outflows		<u>\$ (323,616)</u>

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

C. Pension plans (continued)

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 4.1 and 10.1 years for the Town and Police Plans, respectively.

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

Year Ending June 30,	Town	Police
2019	\$ 521,355	\$ 85,512
2020	267,275	20,612
2021	(164,785)	(121,807)
2022	(43,018)	(54,409)
2023	-	(47,579)
Thereafter	-	(205,945)
Total	<u>\$ 580,827</u>	<u>\$ (323,616)</u>

13. Defined contribution retirement savings plan

As of July 1, 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the Town of Bethel Money Purchase Defined Contribution Plan administered by the Town. The Board of Selectmen has the authority to establish and amend the plan. At year end, there were 10 employees eligible to participate in the plan. The Town and employees are both required to contribute 5% of earnings. During the year, the Town recognized pension expense of \$65,074 and employee contributions totaled \$65,074.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in Town contributions and earnings over a 5 year period at 20% per year. Notwithstanding the foregoing, a participant will be 100% vested in employer contributions upon attaining normal retirement age, termination of the plan, the complete discontinuance of employer contributions, death of the participant and total and permanent disability of the participant.

The Town had no liability to the plan at fiscal year end.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

14. Plan statements

Combining Statement of Fiduciary Net Position
Pension Trust Funds

	Town Pension Fund	Police Pension Fund	Total
<u>Assets</u>			
Investments:			
Equity mutual funds	\$ 4,776,716	\$ 1,663,625	\$ 6,440,341
Bond mutual funds	2,614,679	1,162,261	3,776,940
Bank money market accounts	1,416,461	793,479	2,209,940
U.S. government obligations	3,819,832	1,404,147	5,223,979
Common stock	11,906,104	4,302,743	16,208,847
Corporate bonds	6,829,570	2,532,398	9,361,968
Total investments	31,363,362	11,858,653	43,222,015
Prepaid benefits and fees	440,446	145,984	586,430
Total assets	31,803,808	12,004,637	43,808,445
<u>Net Position</u>			
Restricted for pension benefits	\$ 31,803,808	\$ 12,004,637	\$ 43,808,445

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans (continued)

14. Plan statements (continued)

Combining Statement of Changes In Fiduciary Net Position
Pension Trust Funds

	Town Pension Fund	Police Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,190,000	\$ 1,025,000	\$ 2,215,000
Plan members	411,011	211,773	622,784
Total contributions	1,601,011	1,236,773	2,837,784
Investment income (loss):			
Change in fair value of investments	1,293,902	464,161	1,758,063
Interest and dividends	1,164,906	412,556	1,577,462
Total investment income (loss)	2,458,808	876,717	3,335,525
Less investment expenses	222,164	82,243	304,407
Net investment income (loss)	2,236,644	794,474	3,031,118
Total additions	3,837,655	2,031,247	5,868,902
Deductions:			
Benefits	1,841,693	636,273	2,477,966
Administration	239,680	94,651	334,331
Total deductions	2,081,373	730,924	2,812,297
Change in net position before transfers	1,756,282	1,300,323	3,056,605
Transfers in (out)	81,728	(81,728)	-
Change in net position	1,838,010	1,218,595	3,056,605
Net position - July 1, 2017	29,965,798	10,786,042	40,751,840
Net position - June 30, 2018	\$ 31,803,808	\$ 12,004,637	\$ 43,808,445

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement System****1. Plan description**

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

2. Benefit provisions

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

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

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

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

3. ContributionsState of Connecticut

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

Employer (School Districts)

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

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

D. Pension plans - Connecticut State Teachers' Retirement System (continued)Employees

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

Effective January 1, 2018, each teacher is required to contribute 7% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>74,004,441</u>
Total		<u>\$ 74,004,441</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 fiscal year end the Town has no proportionate share of the net pension liability.

For the fiscal year, the Town recognized pension expense and revenue of \$8,560,152 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

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

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

Mortality rates were based on the RP-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.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Pension plans - Connecticut State Teachers' Retirement System (continued)

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

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

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

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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement System (continued)****6. Discount rate**

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

7. Sensitivity of the net pension liability to changes in the discount rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement System Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

E. Other post-employment benefit plans**1. Plan description****A. Plan administration**

The Town administers a single-employer, post-retirement healthcare plan for the Town, Police and Board of Education, the Town of Bethel Other Post-Employment Benefit Plan ("OPEB"). The plan does not issue stand alone financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

B. Benefit provisions

The Town and Police plans provide for medical, dental and life insurance benefits for all eligible Town and Police retirees and their spouses. The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**E. Other post-employment benefit plans (continued)****1. Plan description (continued)****C. Contributions**

The Board of Finance has the authority to determine contributions to the plan. The Town is currently funding benefits on a pay as you go basis. Plan members are not required to contribute to the plan.

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town, Police and Board of Education's total plan contribution was \$445,845.

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

D. Employees Covered by Benefit Terms

As of July 1, 2017 for Town, Police and Board of Education, the plans' membership consisted of:

	<u>Town</u>	<u>Police</u>	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	25	9	13
Active plan members	61	33	315
Total	<u>86</u>	<u>42</u>	<u>328</u>

2. OPEB Liability

The Town's OPEB liability of \$14,276,984 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

3. Actuarial methods and other inputs

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percent
Remaining amortization period	22 years, closed
Actuarial assumptions:	
Investment rate of return - all plans	3.87%
Healthcare inflation rate:	
Initial	7.00%
Ultimate	4.50%
Inflation rate	2.75%

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

E. Other post-employment benefit plans (continued)**3. Actuarial methods and other inputs (continued)****Changes in Assumptions**

The healthcare cost rates increased to the initial rate of 7.00% and an ultimate rate of 4.50% since the prior measurement date.

The discount rate decreased from 4.00% to 3.87%.

The actuarial cost method was changed from projected unit credit to entry age normal since the prior measurement date.

4. Changes in the OPEB Liability

OPEB liability - July 1, 2017	<u>\$ 14,093,690</u>
Service cost	574,246
Interest	517,131
Changes of assumptions or other inputs	(462,238)
Benefit payments	<u>(445,845)</u>
Net Change	<u>183,294</u>
OPEB liability - June 30, 2018	<u><u>\$ 14,276,984</u></u>

5. Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

<u>OPEB Liability</u>	<u>1% Decrease 2.87%</u>	<u>Discount Rate 3.87%</u>	<u>1% Increase 4.87%</u>
Town OPEB Plan	<u>\$ 15,966,433</u>	<u>\$ 14,276,984</u>	<u>\$ 12,832,566</u>

6. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

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

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Town OPEB Plan	<u>\$ 12,443,488</u>	<u>\$ 14,276,984</u>	<u>\$ 16,514,198</u>

Town of Bethel, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

E. Other post-employment benefit plans (continued)

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

For the fiscal year the Town recognized OPEB expense of \$1,053,112. The Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description of Inflows	Deferred Inflows of Resources
Changes in assumptions	<u>\$ (423,973)</u>

Changes in assumptions are amortized over 12.08 years.

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

<u>Year Ended June 30,</u>	
2019	\$ (38,265)
2020	(38,265)
2021	(38,265)
2022	(38,265)
2023	(38,265)
Thereafter	<u>(232,648)</u>
Total	<u>\$ (423,973)</u>

F. OPEB – Connecticut State Teachers’ Retirement Plan

1. Plan Description

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit 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”). Chapter 167a Section 10-183 (t) 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

2. Benefit Provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - 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.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB – Connecticut State Teachers’ Retirement Plan (Continued)

2. Benefit Provisions (continued)

- **Early Retirement:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree Health Care Coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. 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 that 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, any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute, and has not increased since July of 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 that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare 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

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB – Connecticut State Teachers’ Retirement Plan (Continued)

Retiree Health Care Coverage (continued)

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.

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers’ Retirement Board and appropriated by the General Assembly. The 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. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

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 amounts 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 were 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>19,047,909</u>
Total	<u>\$ 19,047,909</u>

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB – Connecticut State Teachers’ Retirement Plan (Continued)

4. OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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 of June 30, 2016. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$882,776 for on-behalf amounts for the benefits provided by the State.

5. Actuarial Assumptions

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

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 OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.75%.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

5. Actuarial Assumptions (continued)

Changes from Prior Valuation

As a result of the experience study for the five-year period ending 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.
- The demographic assumptions of salary growth, payroll growth, 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.
- The discount rate has been increased from 3.01% to 3.56% based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances.

Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

6. 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 plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Town of Bethel, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB – Connecticut State Teachers’ Retirement Plan (continued)

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

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

8. Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers’ OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2017.

G. Prior Period Adjustment

The government-wide net position and fund balances were restated as follows for the implementation of GASB 75 and 84 and to restate unavailable revenue:

	Governmental Activities	Business-Type Activities	Other Governmental Activities	Water Department	Sewer Department	Custodial Funds
Net position/Fund balance as previously reported at June 30, 2017	\$ 85,507,672	\$ 36,373,963	\$ 2,731,562	\$ 3,943,599	\$ 32,430,364	\$ -
To present custodial funds in accordance with new reporting standard (GASB 84)	-	-	-	-	-	653,946
To remove unavailable revenue for small cities loans	393,337	-	393,337	-	-	-
To remove OPEB obligation previously recorded	7,196,641	320,737	-	181,047	139,690	-
To record beginning OPEB liability	(13,417,193)	(676,497)	-	(405,898)	(270,599)	-
Net position/Fund balance as restated at July 1, 2017	<u>\$ 79,680,457</u>	<u>\$ 36,018,203</u>	<u>\$ 3,124,899</u>	<u>\$ 3,718,748</u>	<u>\$ 32,299,455</u>	<u>\$ 653,946</u>

**Required
Supplementary
Information**

Town of Bethel, Connecticut
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes	\$ 62,261,736	\$ -	\$ 62,261,736	\$ 63,962,433	\$ 1,700,697
Intergovernmental	8,893,738	-	8,893,738	7,844,539	(1,049,199)
Charges for services	1,626,021	-	1,626,021	1,759,855	133,834
Use of money and property	185,000	-	185,000	515,912	330,912
Total revenues	72,966,495	-	72,966,495	74,082,739	1,116,244
Expenditures:					
Current:					
General government	13,830,363	776,651	14,607,014	13,384,025	1,222,989
Public safety	5,144,198	99,258	5,243,456	5,243,456	-
Health and welfare	384,039	(62,514)	321,525	321,525	-
Public works	3,487,604	112,007	3,599,611	3,599,611	-
Library	864,620	(7,730)	856,890	856,890	-
Education	44,850,685	(862,205)	43,988,480	43,988,480	-
Debt service	2,605,063	244,533	2,849,596	2,849,596	-
Total expenditures	71,166,572	300,000	71,466,572	70,243,583	1,222,989
Excess (deficiency) of revenues over expenditures	1,799,923	(300,000)	1,499,923	3,839,156	2,339,233
Other financing sources (uses):					
Appropriation of fund balance	-	2,000,000	2,000,000	-	(2,000,000)
Transfers out	(1,799,923)	(1,700,000)	(3,499,923)	(3,499,923)	-
Net other financing sources (uses)	(1,799,923)	300,000	(1,499,923)	(3,499,923)	(2,000,000)
Net change in fund balance	\$ -	\$ -	\$ -	339,233	\$ 339,233
Fund balance, July 1, 2017				19,405,162	
Fund balance, June 30, 2018				<u>\$ 19,744,395</u>	

Reconciliation to Exhibit D

	Revenues	Expenditures	Fund Balance
Budgetary Basis - RSI-1	\$ 74,082,739	\$ 70,243,583	\$ 19,744,395
Accrued Payroll	-	67,522	(208,911)
Board of Education Contingency	-	-	576,092
Paramedic Intercept	154,996	422,325	(456,943)
Transfer Station	10,000	1,282	(633,706)
State Teachers' pension on-behalf amount	8,560,152	8,560,152	-
State Teachers' OPEB on-behalf amount	882,776	882,776	-
Balance, GAAP basis, Exhibit D	\$ 83,690,663	\$ 80,177,640	\$ 19,020,927

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

1. The Town does not recognize as revenue or expenditures payments made for the State Teacher's pension and OPEB by the State of Connecticut on the Town's behalf.
2. Accrued payroll.
3. Certain funds reported as part of the general fund as required by Generally Accepted Accounting Principles.

Town of Bethel, Connecticut
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 61,995,195	\$ -	\$ 61,995,195	\$ 63,486,012	\$ 1,490,817
Interest and lien fees	200,000	-	200,000	341,314	141,314
Telephone access tax	50,000	-	50,000	39,799	(10,201)
PILOT- Reynolds Ridge	-	-	-	60,157	60,157
PILOT- Augustana	16,541	-	16,541	35,151	18,610
Total property taxes	62,261,736	-	62,261,736	63,962,433	1,700,697
Intergovernmental:					
Equal cost sharing	8,087,732	-	8,087,732	7,031,632	(1,056,100)
Transportation	111,118	-	111,118	-	(111,118)
Continuing education	11,259	-	11,259	12,093	834
Town aid roads	320,239	-	320,239	321,818	1,579
PILOT- State owned property	21,081	-	21,081	136	(20,945)
Elderly homeowners exemption	100,000	-	100,000	-	(100,000)
Disability tax loss	2,000	-	2,000	1,881	(119)
Veterans tax relief	10,000	-	10,000	8,382	(1,618)
LOCIP	119,172	-	119,172	-	(119,172)
Mashantucket Pequot fund	48,774	-	48,774	58,031	9,257
Colleges and hospitals	52,363	-	52,363	-	(52,363)
Miscellaneous state revenue	10,000	-	10,000	410,566	400,566
Total intergovernmental	8,893,738	-	8,893,738	7,844,539	(1,049,199)
Charges for services:					
Hunting and fishing licenses	250	-	250	156	(94)
Marriage licenses	1,000	-	1,000	715	(285)
Town farmland preservation	12,500	-	12,500	6,915	(5,585)
Recreational programs	509,693	-	509,693	564,564	54,871
Conveyance tax	275,000	-	275,000	303,765	28,765
Recording fees	118,058	-	118,058	102,760	(15,298)
Town Clerk copy receipts	40,000	-	40,000	40,937	937
CIRMA revenue sharing	33,020	-	33,020	66,675	33,655
Senior Center activities	36,000	-	36,000	44,685	8,685
Parking fines	3,000	-	3,000	1,025	(1,975)
Building and zoning	267,000	-	267,000	346,801	79,801
Pistol permits	5,000	-	5,000	3,945	(1,055)
Dog licenses	4,000	-	4,000	1,525	(2,475)
Canine receipts	2,000	-	2,000	2,276	276
Planning and zoning	15,000	-	15,000	14,868	(132)
Zoning board of appeals	2,000	-	2,000	1,860	(140)
Police receipts	2,500	-	2,500	2,776	276
Police other	100,000	-	100,000	92,771	(7,229)
Vendor licenses	2,000	-	2,000	4,600	2,600
Dumping charges	178,000	-	178,000	139,533	(38,467)
Scrap metal/appliances	4,000	-	4,000	7,665	3,665
Brush	1,000	-	1,000	145	(855)
Library fees	15,000	-	15,000	8,893	(6,107)
Total charges for services	1,626,021	-	1,626,021	1,759,855	133,834
Use of money and property:					
Interest	150,000	-	150,000	483,373	333,373
Property leases	35,000	-	35,000	32,539	(2,461)
Total use of money and property	185,000	-	185,000	515,912	330,912
Total revenues	72,966,495	-	72,966,495	74,082,739	1,116,244
Other financing sources:					
Appropriation of fund balance	-	2,000,000	2,000,000	-	(2,000,000)
Total revenues and other financing sources	\$ 72,966,495	\$ 2,000,000	\$ 74,966,495	\$ 74,082,739	\$ (883,756)

Town of Bethel, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Selectmen	\$ 258,879	\$ 3,499	\$ 262,378	\$ 262,378	\$ -
Treasurer	6,000	2,523	8,523	8,523	-
Finance department	435,141	(1,029)	434,112	434,112	-
Town clerk	227,367	(8,361)	219,006	219,006	-
Assessor	226,902	9,199	236,101	236,101	-
Tax collector	201,196	(5,143)	196,053	196,053	-
Legal department	188,980	93,707	282,687	282,687	-
Probate court	4,966	311	5,277	5,277	-
Data processing	277,125	(24,506)	252,619	252,619	-
Town insurance	1,399,999	(25,795)	1,374,204	1,374,204	-
Planning and zoning	228,664	8,796	237,460	237,460	-
Registrar of voters	100,516	(4,111)	96,405	96,405	-
Town boards and commissions	56,750	(16,114)	40,636	40,636	-
Parks and recreation	1,250,200	231,202	1,481,402	1,481,402	-
Employee benefits	5,976,993	(657,974)	5,319,019	5,319,019	-
Agency subsidies	178,499	(1,776)	176,723	176,723	-
Utilities, charges and services	2,452,509	48,877	2,501,386	2,501,386	-
Miscellaneous charges	171,021	(109,210)	61,811	61,811	-
Senior center	188,656	9,567	198,223	198,223	-
Contingency	-	1,222,989	1,222,989	-	1,222,989
Total general government	13,830,363	776,651	14,607,014	13,384,025	1,222,989
Public safety:					
Building and inspection	231,261	6,880	238,141	238,141	-
Emergency management	27,882	(7,241)	20,641	20,641	-
Fire marshal	94,855	(5,054)	89,801	89,801	-
Bethel fire department	170,250	10,097	180,347	180,347	-
Stony Hill fire department	128,750	(8,096)	120,654	120,654	-
Police department	4,491,200	102,672	4,593,872	4,593,872	-
Total public safety	5,144,198	99,258	5,243,456	5,243,456	-
Health and welfare:					
Social services	88,740	(15,494)	73,246	73,246	-
Health department	295,299	(47,020)	248,279	248,279	-
Total health and welfare	384,039	(62,514)	321,525	321,525	-

(Continued)

Town of Bethel, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Public works:					
Fleet maintenance	\$ 315,935	41,637	\$ 357,572	\$ 357,572	\$ -
Public works administration	314,212	20,770	334,982	334,982	-
Highway department	1,906,902	(22,151)	1,884,751	1,884,751	-
Transfer station	182,000	3,034	185,034	185,034	-
Building maintenance	683,155	25,007	708,162	708,162	-
Tree warden	85,400	43,710	129,110	129,110	-
Total public works	<u>3,487,604</u>	<u>112,007</u>	<u>3,599,611</u>	<u>3,599,611</u>	<u>-</u>
Library	<u>864,620</u>	<u>(7,730)</u>	<u>856,890</u>	<u>856,890</u>	<u>-</u>
Education:					
Board of education	44,318,577	(902,723)	43,415,854	43,415,854	-
Education maintenance	532,108	40,518	572,626	572,626	-
Total education	<u>44,850,685</u>	<u>(862,205)</u>	<u>43,988,480</u>	<u>43,988,480</u>	<u>-</u>
Debt service	<u>2,605,063</u>	<u>244,533</u>	<u>2,849,596</u>	<u>2,849,596</u>	<u>-</u>
Total expenditures	<u>71,166,572</u>	<u>300,000</u>	<u>71,466,572</u>	<u>70,243,583</u>	<u>1,222,989</u>
Other financing uses:					
Transfers to other funds:					
Paramedic intercept	275,000	-	275,000	275,000	-
Bonded projects	1,299,923	1,700,000	2,999,923	2,999,923	-
Capital non-recurring fund	225,000	-	225,000	225,000	-
Total other financing uses	<u>1,799,923</u>	<u>1,700,000</u>	<u>3,499,923</u>	<u>3,499,923</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 72,966,495</u>	<u>\$ 2,000,000</u>	<u>\$ 74,966,495</u>	<u>\$ 73,743,506</u>	<u>\$ 1,222,989</u>

(Concluded)

Town of Bethel, Connecticut

Town Plan

Required Supplementary Information
Last Five Years (1)

Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 851,894	\$ 785,563	\$ 822,302	\$ 824,737	\$ 1,132,089
Interest	2,481,626	2,149,718	2,063,282	1,958,065	829,900
Change of benefit terms	-	2,396,107	33	-	-
Differences between expected and actual experience	259,629	206,471	(14,173)	-	-
Benefit payments, including refunds of member contributions	(1,841,693)	(1,521,542)	(1,368,871)	(1,295,920)	(1,200,025)
Net change in total pension liability	1,751,456	4,016,317	1,502,573	1,486,882	761,964
Total pension liability - July 1	35,826,779	31,810,462	30,307,889	28,821,007	28,059,043
Total pension liability - June 30 (a)	<u>\$ 37,578,235</u>	<u>\$ 35,826,779</u>	<u>\$ 31,810,462</u>	<u>\$ 30,307,889</u>	<u>\$ 28,821,007</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,190,000	\$ 1,200,000	\$ 2,751,446	\$ 3,083,429	\$ 2,559,953
Contributions - member	411,011	399,468	341,395	285,418	307,290
Net investment income	2,236,644	2,838,413	(265,630)	369,456	1,941,532
Benefit payments, including refunds of member contributions	(1,841,693)	(1,521,542)	(1,368,871)	(1,295,920)	(1,200,025)
Administration	(239,680)	(102,552)	(44,388)	-	(39,913)
Transfer in from police plan	81,728	-	-	-	-
Net change in plan fiduciary net position	1,838,010	2,813,787	1,413,952	2,442,383	3,568,837
Plan fiduciary net position - July 1	29,965,798	27,152,011	25,738,059	23,295,676	19,726,839
Plan fiduciary net position - June 30 (b)	<u>\$ 31,803,808</u>	<u>\$ 29,965,798</u>	<u>\$ 27,152,011</u>	<u>\$ 25,738,059</u>	<u>\$ 23,295,676</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 5,774,427</u>	<u>\$ 5,860,981</u>	<u>\$ 4,658,451</u>	<u>\$ 4,569,830</u>	<u>\$ 5,525,331</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Police Plan

Required Supplementary Information
Last Five Years (1)

Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 525,522	\$ 484,820	\$ 506,137	\$ 476,144	\$ 473,342
Interest	1,029,914	1,058,018	998,784	918,850	280,634
Differences between expected and actual experience	(202,969)	(425,369)	122,464	-	-
Benefit payments, including refunds of member contributions	<u>(636,273)</u>	<u>(530,615)</u>	<u>(474,173)</u>	<u>(460,787)</u>	<u>(334,882)</u>
Net change in total pension liability	716,194	586,854	1,153,212	934,207	419,094
Total pension liability - July 1	<u>16,037,362</u>	<u>15,450,508</u>	<u>14,297,296</u>	<u>13,363,089</u>	<u>12,943,995</u>
Total pension liability - June 30 (a)	<u>\$ 16,753,556</u>	<u>\$ 16,037,362</u>	<u>\$ 15,450,508</u>	<u>\$ 14,297,296</u>	<u>\$ 13,363,089</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,025,000	\$ 1,021,720	\$ 513,000	\$ 472,000	\$ 375,000
Contributions - member	211,773	181,099	198,552	252,142	228,856
Net investment income	794,474	977,787	(91,082)	259,775	724,429
Benefit payments, including refunds of member contributions	(636,273)	(530,615)	(474,173)	(460,787)	(334,882)
Administration	(94,651)	(35,042)	(24,922)	-	(14,881)
Transfer out to town plan	<u>(81,728)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,218,595	1,614,949	121,375	523,130	978,522
Plan fiduciary net position - July 1	<u>10,786,042</u>	<u>9,171,093</u>	<u>9,049,718</u>	<u>8,526,588</u>	<u>7,548,066</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 12,004,637</u>	<u>\$ 10,786,042</u>	<u>\$ 9,171,093</u>	<u>\$ 9,049,718</u>	<u>\$ 8,526,588</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 4,748,919</u>	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>	<u>\$ 4,836,501</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut
Town Plan
Required Supplementary Information
Last Five Years (1)

	2018	2017	2016	2015	2014
<u>Schedule of Net Pension Liability</u>					
Total pension liability	\$ 37,578,235	\$ 35,826,779	\$ 31,810,462	\$ 30,307,889	\$ 28,821,007
Plan fiduciary net position	<u>(31,803,808)</u>	<u>(29,965,798)</u>	<u>(27,152,011)</u>	<u>(25,738,059)</u>	<u>(23,295,676)</u>
Net pension liability	<u>\$ 5,774,427</u>	<u>\$ 5,860,981</u>	<u>\$ 4,658,451</u>	<u>\$ 4,569,830</u>	<u>\$ 5,525,331</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.63%</u>	<u>83.64%</u>	<u>85.36%</u>	<u>84.92%</u>	<u>80.83%</u>
Covered payroll	<u>\$ 7,649,740</u>	<u>\$ 7,775,861</u>	<u>\$ 7,607,181</u>	<u>\$ 7,607,181</u>	<u>\$ 7,739,426</u>
Net pension liability as a percentage of covered payroll	<u>75.49%</u>	<u>75.37%</u>	<u>61.24%</u>	<u>60.07%</u>	<u>71.39%</u>
<u>Schedule of Investment Returns</u>					
	2018	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	<u>6.99%</u>	<u>10.51%</u>	<u>(1.11%)</u>	<u>2.40%</u>	<u>9.61%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Police Plan

Required Supplementary Information
Last Five Years (1)

	2018	2017	2016	2015	2014
<u>Schedule of Net Pension Liability</u>					
Total pension liability	\$ 16,753,556	\$ 16,037,362	\$ 15,450,508	\$ 14,297,296	\$ 13,363,089
Plan fiduciary net position	<u>(12,004,637)</u>	<u>(10,786,042)</u>	<u>(9,171,093)</u>	<u>(9,049,718)</u>	<u>(8,526,588)</u>
Net pension liability	<u>\$ 4,748,919</u>	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>	<u>\$ 4,836,501</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.65%</u>	<u>67.26%</u>	<u>59.36%</u>	<u>63.30%</u>	<u>63.81%</u>
Covered payroll	<u>\$ 2,443,220</u>	<u>\$ 2,547,952</u>	<u>\$ 2,407,527</u>	<u>\$ 2,407,527</u>	<u>\$ 2,337,955</u>
Net pension liability as a percentage of covered payroll	<u>194.37%</u>	<u>206.10%</u>	<u>260.82%</u>	<u>217.97%</u>	<u>206.87%</u>
<u>Schedule of Investment Returns</u>					
	2018	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	<u>6.61%</u>	<u>10.50%</u>	<u>(1.11%)</u>	<u>2.67%</u>	<u>9.40%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut
Town Plan
Required Supplementary Information
Last Ten Years

Schedule of Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 926,377	\$ 1,190,000	\$ 263,623	\$ 7,649,740	15.56%
2017	867,137	1,200,000	332,863	7,775,861	15.43%
2016	2,013,334	2,751,446	738,112	7,607,181	36.17%
2015	2,013,334	3,083,429	1,070,095	7,607,181	40.53%
2014	1,986,076	2,559,953	573,877	7,739,426	33.08%
2013	2,086,345	1,859,681	(226,664)	7,678,530	24.22%
2012	1,918,557	1,736,824	(181,733)	7,711,696	22.52%
2011	2,029,673	1,356,000	(673,673)	7,503,503	18.07%
2010	2,173,082	1,300,000	(873,082)	7,219,991	18.01%
2009	1,901,896	1,300,000	(601,896)	6,925,811	18.77%

Town of Bethel, Connecticut

Town Plan

**Notes to Required Supplementary Information
Schedule of Contributions
Last Ten Years**

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported

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

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Remaining amortization period	20 years
Inflation	2.70%
Salary increases	3.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Mortality rate	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.

Town of Bethel, Connecticut
Police Plan
Required Supplementary Information
Last Ten Years

Schedule of Contributions

<u>Fiscal year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 836,141	\$ 1,025,000	\$ 188,859	\$ 2,443,220	41.95%
2017	753,358	1,021,720	268,362	2,547,952	40.10%
2016	612,450	513,000	(99,450)	2,407,527	21.31%
2015	612,450	472,000	(140,450)	2,407,527	19.61%
2014	593,686	375,000	(218,686)	2,337,955	16.04%
2013	579,931	340,319	(239,612)	2,337,478	14.56%
2012	566,342	385,084	(181,258)	2,357,269	16.34%
2011	621,153	369,028	(252,125)	2,180,272	16.93%
2010	600,090	255,777	(344,313)	2,242,755	11.40%
2009	415,392	235,628	(179,764)	2,116,480	11.13%

Town of Bethel, Connecticut

Police Plan

**Notes to Required Supplementary Information
Schedule of Contributions
Last Ten Years**

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported

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

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Remaining amortization period	20 years
Inflation	2.70%
Salary increases	4.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Mortality rate	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.

Town of Bethel, Connecticut
CT State Teachers' Retirement System
Required Supplementary Information
Last Four Years (3)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>				
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town	<u>74,004,441</u>	<u>78,075,252</u>	<u>59,345,782</u>	<u>54,853,282</u>
Total	<u>\$ 74,004,441</u>	<u>\$ 78,075,252</u>	<u>\$ 59,345,782</u>	<u>\$ 54,853,282</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.50%</u>

Schedule of Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	(1) \$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributor	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

CT State Teachers' Retirement System

Notes to Required Supplementary Information
Schedule of Contributions
Last Four Years (1)

Changes of benefit terms	None
Change of assumptions	2016:
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25%.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
	9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(1) These schedules are intended to present information for 10 years.
Additional years will be presented as they become available.

Town of Bethel, Connecticut

Other Post-Employment Benefit Plan

Required Supplementary Information
Schedule of Changes in OPEB Liability

For the Year Ended June 30, 2018 (1)

OPEB liability:	
Service cost	\$ 574,246
Interest	517,131
Changes in assumptions	(462,238)
Benefit payments, including refunds of member contributions	<u>(445,845)</u>
Net change in OPEB liability	183,294
OPEB liability - July 1	<u>14,093,690</u>
OPEB liability - June 30 (a) *	<u>\$ 14,276,984</u>

* There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Bethel, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information
June 30, 2018 (3)Schedule of Proportionate Share of the Net OPEB Liability

Town's proportion of the net OPEB liability		0.00%
		<u>0.00%</u>
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		19,047,909
		<u>19,047,909</u>
Total		<u>\$ 19,047,909</u>
Town's covered payroll	(2)	N/A
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%
		<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		1.79%
		<u>1.79%</u>

Schedule of Contributions

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

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

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information
 Notes to Required Supplementary Information
 Schedule of Contributions
 June 30, 2018 (1)

Changes of Benefit Terms	None
Changes of Assumptions	2016: The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	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.
	The demographic assumptions of salary growth, payroll growth, 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.
	The assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Appendix B

Form of Opinion of Bond Counsel

**FORM OF OPINION OF BOND COUNSEL
TOWN OF BETHEL, CONNECTICUT
\$15,990,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

July __, 2019

Town of Bethel
Clifford J. Hurgin Municipal Center
One School Street
Bethel, CT 06801

We have acted as Bond Counsel in connection with the issuance by the Town of Bethel (the “Town”), in the State of Connecticut, of its \$15,990,000 General Obligation Bond Anticipation Notes (the “Notes”) dated July 25, 2019 and maturing July 24, 2020. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated July 25, 2019 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and

reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

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

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

Although we have rendered an opinion that interest on the Notes is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR NOTES
BY THE TOWN OF BETHEL, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$15,990,000 Town of Bethel, Connecticut
General Obligation Bond Anticipation Notes**

This Continuing Disclosure Agreement (“Agreement”) is made as of July 25, 2019, by the Town of Bethel, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$15,990,000 General Obligation Bond Anticipation Notes, dated July 25, 2019 (the “Notes”).

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

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated July __, 2019 prepared in connection with the issuance of the Notes.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

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

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

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

Section 2. Event Notices.

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

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service 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 Notes, or other events affecting the tax status of the Notes;

(vi) tender offers;

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

(viii) Note defeasances;

(ix) rating changes; and

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

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

(i) non-payment related defaults;

(ii) modifications to rights of Note holders;

(iii) Note calls;

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

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

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

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

(viii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term

“financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Termination of Reporting Obligation. The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change 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 Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in 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 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this 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 Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney’s fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person’s malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. 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 Notes of such failure. The present address of the Issuer is Clifford J. Hurgin Municipal Center, One School Street, Bethel, Connecticut 06801. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes 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 Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

TOWN OF BETHEL, CONNECTICUT

By: _____
Matthew S. Knickerbocker, First Selectman

Appendix D

Notice of Sale and Bid Form

NOTICE OF SALE

\$15,990,000
TOWN OF BETHEL, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY ONLY

TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**[®] (as described herein) will be received by the **TOWN OF BETHEL**, Connecticut (the “Town”) at the Clifford J. Hurgin Municipal Center, First Selectman’s Office, 1 School Street, Bethel, Connecticut 06801, until **11:30 A.M. (Eastern Time), TUESDAY**,

JULY 16, 2019

for the purchase of \$15,990,000 Town of Bethel, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the Town’s municipal advisor (See “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**[®] (See “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated July 25, 2019 and will mature and be payable to the registered owner on July 24, 2020 as further described in the Preliminary Official Statement for the Notes dated July 9, 2018 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Notes. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement, dated July 9, 2019.

The Notes are NOT subject to redemption prior to maturity.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate 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 its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of

the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. 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 Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment (“Direct Placement Bidders”) may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder, if awarded the Notes, must execute a letter addressed to the Town acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

Ratings

The Town has applied to S&P Global Ratings (“S&P”) for a rating on the Notes. The assigned rating may be obtained from S&P or will be posted through the facilities of *PARITY*[®] prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Notes which is dated July 9, 2019, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser 10 copies of the Official Statement at the Town’s expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Notes or by the 7th business day after the day bids on the Notes are received. If the Town’s municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rate, ratings, yield or reoffering price, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to the Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its

receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the telephone bidding process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Town, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

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

Telephone Bidding Procedures

Telephone bids will be received until 11:30 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the Town's municipal advisor. All telephone bids must be made to (203) 283-1110 and be completed by 11:30 A.M. (Eastern Time) on Tuesday, July 16, 2019.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town by the time required. A bid received after the time specified, as determined in the Town's sole discretion, will not be reviewed or honored by the Town.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$5,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. However, such certificate may indicate that the winning bidder has purchased the Notes for its own account in a capacity other than as an Underwriter, and currently has no intent to reoffer the Notes for sale to the Public (as defined below). For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Town.

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

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net 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 Notes, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

In the event that the Competitive Sale Rule is not satisfied, the Town shall so advise the successful bidder in writing on the sale date. The Town may treat the first price at which 10% of the Notes (the "Actual Sale Rule") are sold to the Public as the issue price of the Notes. The successful bidder shall advise the Town if the Notes satisfy the Actual Sale Rule as of the date and time of the award of the Notes.

If the Competitive Sale Rule is not satisfied, then until the Actual Sale Rule is satisfied for the Notes, the winning bidder agrees to promptly report to the Town and Bond Counsel the prices at which the unsold Notes have been sold to the Public. This reporting obligation shall continue, whether or not the Closing Date has occurred, until the Actual Sale Rule is satisfied for the Notes.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes 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 third-party distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder that the Actual Sales Rule has been satisfied as to the Notes, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder or such Underwriter that the Actual Sales Rule has been satisfied as to the Notes, 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 Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

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

Settlement of the Notes

The Notes will be available for delivery on or about July 25, 2019. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Phoenix Advisors, LLC to obtain CUSIP numbers for the Notes prior to delivery, and Phoenix Advisors, LLC will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder or bidders. The Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Notes will be certified by U. S. Bank National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Pullman & Comley LLC, Bond Counsel, Bridgeport and Hartford, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B to the Official Statement. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement and an executed Continuing Disclosure Agreement.

In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Compliance Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Compliance Agreement.

The Notes **SHALL NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to the Notes.

Right to Reject Bids; Waiver

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

Postponement; Change of Terms

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

Additional Information

For more information regarding the Notes and the Town, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Barry Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 283-1110.

MATTHEW S. KNICKERBOCKER
First Selectman

ROBERT V. KOZLOWSKI
Comptroller

July 9, 2019

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