

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 16, 2019

NEW ISSUE: Book-Entry-Only

RATING: S&P Global Ratings: "AA+"

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, as described under Appendix B- "Form of Legal Opinion of Bond Counsel and Tax Exemption" herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



Town of Wolcott, Connecticut \$6,845,000 General Obligation Bonds, Issue of 2019 (Bank-Qualified)

Dated: Date of Delivery

**Due: November 15, 2020-2039,
As shown below:**

The Bonds will bear interest payable on November 15, 2020 and semiannually thereafter on May 15 and November 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2020	\$ 345,000	—%	—%	977623	2030	\$ 340,000	—%	—%	977623
2021	345,000	—%	—%	977623	2031	340,000	—%	—%	977623
2022	345,000	—%	—%	977623	2032	340,000	—%	—%	977623
2023	345,000	—%	—%	977623	2033	340,000	—%	—%	977623
2024	345,000	—%	—%	977623	2034	340,000	—%	—%	977623
2025	345,000	—%	—%	977623	2035	340,000	—%	—%	977623
2026	345,000	—%	—%	977623	2036	340,000	—%	—%	977623
2027	345,000	—%	—%	977623	2037	340,000	—%	—%	977623
2028	345,000	—%	—%	977623	2038	340,000	—%	—%	977623
2029	340,000	—%	—%	977623	2039	340,000	—%	—%	977623

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

Electronic proposals via PARITY® will be received until 11:30 A.M. (Eastern Time) for the Bonds on Thursday, October 24, 2019 at Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, as described in the official Notice of Sale dated October 16, 2019. See "Appendix D" herein.

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

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about November 7, 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 Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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

The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Certain information in this Official Statement has been obtained by the Town from other sources. Neither the Town, nor the Municipal Advisor, guaranty the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

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

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

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement.

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Bond Issue Summary

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

Date of Sale:	Thursday, October 24, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460.
Issuer:	Town of Wolcott, Connecticut (the "Town").
Issue:	\$6,845,000 General Obligation Bonds, Issue of 2019 (the "Bonds").
Dated Date:	Date of Delivery, November 7, 2019.
Interest Due:	Interest due November 15, 2020 and semiannually thereafter on May 15 and November 15 in each year until maturity.
Principal Due:	Principal due serially, November 15, 2020 through November 15, 2039, as detailed in this Official Statement.
Authorization and Purpose:	The proceeds of the Bonds will be used for various general purpose and school construction projects authorized by the Town.
Redemption:	The Bonds are subject to optional redemption prior to maturity. See "Optional Redemption" herein.
Security and Remedies:	The Bonds will be general obligations of the Town of Wolcott, Connecticut, and the Town will pledge its full faith and credit to the payment of principal and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AA+" by S&P Global Ratings. See "Rating" herein.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Exemption:	See Appendix B- "Form of Legal Opinion of Bond Counsel and Tax Exemption" herein.
Bank Qualification:	The Bonds <u>shall be</u> designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially 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, 23 rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 7, 2019 against payment in Federal Funds.
Contacts:	Questions concerning the Official Statement should be directed to Mrs. Susan E. Hale, Finance Officer, Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716. Telephone: (203) 879-8100 x121 or Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut. Telephone: (203) 283-1110.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Wolcott, Connecticut (the "Town"), in connection with the original issuance and sale of \$6,845,000 General Obligation Bonds, Issue of 2019 (the "Bonds") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

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

The certifying bank, registrar, transfer and paying agent for the Bonds will be U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut.

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

Municipal Advisor

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

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

The Bonds

The Bonds will be dated the date of delivery and will mature on November 15 in each of the years as set forth on the cover page of this Official Statement. The Bonds will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable on November 15, 2020 and semiannually thereafter on May 15 and November 15 in each year until maturity. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of April and October in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds are subject to redemption prior to maturity as more fully described herein. The Bonds shall be designated by the Town as qualified tax-exempt obligation under the provisions of Section 265(b) of the Code of 1986, as amended.

Optional Redemption

Bonds maturing on or before November 15, 2027 are not subject to redemption prior to maturity. The Bonds maturing on November 15, 2028 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after November 15, 2027 at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Period During Which Redeemed</i>	<i>Redemption Prices</i>
November 15, 2027 and thereafter	100%

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

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

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

Authorization and Purpose

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

Use of Proceeds

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

Project	Amount Authorized	This Issue: The Bonds
Reconstruction and Repair of Town Roads, Roadside Elements and Parking Lots	\$ 5,050,000	\$ 5,050,000
Fire Department Breathing Apparatus and Related Equipment	838,613 *	838,613 *
Senior Center Improvements	150,000	150,000
Fuel Oil Tanks for Frisbee School	91,528 *	41,528 *
Fuel Oil Tanks for Alcott School	169,717 *	114,717 *
Fuel Oil Tanks for Waklee School	109,228 *	59,228 *
Two Gas-Fired Boilers for Tyrrell Middle School	283,747	283,747
Central Office Renovation at Alcott Elementary School ...	210,166	210,166
Admin, Finance and Bond Issuance Costs	97,000	97,000
Total	\$ 7,000,000	\$ 6,845,000

* Reflects transfers approved by the Town Council on June 19, 2018 and November 20, 2018.

Book-Entry-Only Transfer System

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only 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: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

DTC Practices

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

Replacement Bonds

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

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the

Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

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

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order 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 could take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the Town may seek relief only, if 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 a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

Qualification for Financial Institutions

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

Availability of Continuing Disclosure

The Town of Wolcott prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement for the Bonds.

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 and event notices pursuant to Rule 15c2-12. In the past five years, the Town has not failed to comply, in any material respect, with its undertakings in such agreements.

The Town is not responsible for any failure by EMMA or any other nationally recognized municipal securities information repository to timely post disclosure submitted to it by the Town or any failure to associate such submitted disclosure to all related CUSIPs.

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 (the "Current Program").

Debt service reimbursement will continue under the prior reimbursement program (the "Prior Program") for all projects approved prior to July 1, 1996. Under the Prior 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 Current Program, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Rating

The Bonds have been rated "AA+" by S&P Global Ratings ("S&P"). The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. Such rating reflects only the view of S&P and any explanation of the significance of such rating should be obtained from S&P. No application was made to any other rating agency for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, a rating agency bases its rating on the information and materials furnished to it and on its own investigations, studies and assumptions. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds, including the Bonds.

The Town expects to furnish S&P with information and materials requested. However, the Town may issue short-term or other debt for which a rating is not required. The Town's Municipal Advisor recommends that all bonded debt be submitted for a credit rating.

Bond Insurance

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

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II. The Issuer



Connecticut

Description of the Town

The Town of Wolcott was incorporated in 1796. The Town is located in New Haven County with a land area of 20.4 square miles and has a population of approximately 16,716. It is bordered by Southington to the east, Bristol and Plymouth to the north and Waterbury to the west and southwest. Connecticut Routes 69 and 322 afford easy access to Interstate 84 and Connecticut Route 8.

Wolcott is a growing residential community with expanding commercial and industrial resources. Commercial activity is primarily on the Route 69 and Meriden Road corridors.

Wolcott offers desirable residential land for new homesites. In the last several years, the Town has experienced new home construction in a number of subdivisions, and condominium development has been in the medium to upper price range.

Form of Government

Wolcott has a Mayor-Town Council form of government. The legislative power is vested in the Town Council which consists of nine elected members who also act as the Board of Finance of the Town.

The annual budget is prepared by the Mayor and presented to the Town Council at least 90 days before the end of the fiscal year. A public hearing is then held by the Town Council and, not less than 20 days before the beginning of the fiscal year, the Town Council shall adopt the operating budget.

The Mayor is the Chief Executive of the Town and is responsible for the administration of all Town matters. The Mayor is elected to a two-year term of office every odd numbered year. The Mayor is assisted on financial matters by an elected Treasurer and a hired full-time Finance Officer.

Economic Development

Permits have been issued and retro-fitting has begun on an old, vacant building located at 1 Town Line Road. This building which has been unused for many years is being given new life by Allstate Tire, LLC as a limited vehicle repair and retail tire facility. It offers over 19,000 square feet of open floor space with an estimated renovation cost of \$45,000. The expected occupancy date is November 1, 2019. Also newly permitted for construction is 981 Wolcott Road. A 4,227 square foot, commercial use building is to be constructed with the intention of it being utilized as retail space. The first phase of this project is slated to begin in mid-October 2019. This construction cost is estimated to be \$100,000.

At present, The Hurley Group owns property located at 1261 Meriden Road. There are currently three individual buildings and work has begun on the 16,000 square foot building located on this industrial zoned property.

Heritage Hill, an age-focused, residential development is approximately 70% complete. Sixty-four single family dwellings were originally planned with 45 currently completed. Another new, age-friendly housing complex currently under construction is The Residence of Stone Ridge. Located on Park Avenue, this 55+ community will offer 18 rental units featuring 2 bedrooms, gourmet kitchens and full basement access with laundry hook-ups. It will also have many more adaptive living features that will provide a comfortable and accessible place to live. The property was previously a dormant, unfinished condominium complex. The estimated cost of this project is \$3,000,000.

The reconstruction of Todd Road is nearly complete. This 1.9 mile stretch of Road connects Woodtick Road and intersects with Meriden Road (Route 322). The reconstruction has included milling and paving, drainage improvements, site line improvements as well as new guiderails and signage. This project cost is \$2,127,360 and is being funded with a State of Connecticut LOTCIP Grant.

Principal Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Years of Service</i>	<i>Current Term</i>
Mayor.....	Thomas G. Dunn ¹	Elected	16 years	2017-2019
Treasurer.....	Anthony J. Marino ¹	Elected	6 years	2017-2019
Tax Collector.....	Darlene Tynan	Elected	6 years	2017-2021
Town Clerk.....	Karen B. Mowad ³	Elected	2 years	2018-2022
Superintendent of Schools.....	Dr. Anthony Gasper	Appointed	4 years	Under Contract
Assessor.....	Pamela K. Deziel	Council Hired	14 years	Under Contract
Finance Officer.....	Susan E. Hale ²	Council Hired	3 years	Under Contract

¹ Previously served as a member of the Town Council.

² Previously served as Chief Accountant for 3 years.

³ Previously served as Assistant Town Clerk for 12 years.

Source: Town Officials

Summary of Municipal Services

Police Protection: Full-time police protection and investigative services are provided by 25 officers and various administrative personnel under the direction of the Chief of Police. All officers receive training in law enforcement and criminal justice and are graduates of the Connecticut Municipal Police Academy. The Department operates the 911 emergency center telephone system for the Town.

Fire Protection: Fire protection services are provided by the Wolcott Volunteer Fire Department. The Department is comprised of three companies with a total active volunteer membership in excess of 100. The Town appropriates funds annually for the operational costs of the Department and equipment acquisition.

Emergency Medical Assistance: Ambulance services are provided by the Wolcott Ambulance Corps which has approximately 50 volunteers, 3 full-time paramedics and 7 part-time paramedics. A crew is on station 24 hours per day 7 days a week. The Wolcott Ambulance Corps has been designated an Advanced Life Support Service by the State of Connecticut.

Public Works: Wolcott's full-time Public Works Department is responsible for the maintenance and repair of Town roads and storm sewers as well as paving, plowing, and sanding operations. The Department's equipment is replaced under the Town's equipment replacement program. A \$9.0 million Road Reconstruction Program was approved by the voters in 2011; a second Road Reconstruction Program in the amount of \$10.5 million was approved at referendum in May, 2014; a third Road

Reconstruction Program in the amount of \$5 million was approved by the voters in 2017. To date, 212 roads for 75.47 miles have been reconstructed, resurfaced or repaired. Approximately 52 miles have received crack seal maintenance.

Solid Waste: The following summarizes certain provisions of the Town's solid waste service contract and related agreements (collectively, the "Agreements"). This summary is qualified in its entirety by reference to the document themselves.

The Town and thirteen other central Connecticut municipalities (the "Participating Municipalities") entered into a Municipal Solid Waste Delivery and Disposal Contract (the "Service Contract") with Ogden Martin Systems of Bristol, Inc. (the "Company"). The Company is an affiliate of Ogden Corporation, which changed its name to Covanta Energy Corporation ("Covanta") effective March 14, 2001. The Company designed, constructed and operates a mass-burn solid waste, resource recovery, and electric generation facility located in the City of Bristol, Connecticut (the "Facility"). The Facility was financed with bonds issued by the Connecticut Development Authority (the "CDA Bonds") and is now debt free.

Under the Service Contract, the Town is required to deliver or cause to be delivered to the Facility acceptable solid waste generated within the Town's boundaries up to its minimum commitment of 6,608 tons per year and to pay a uniform per ton disposal service fee (the "Municipal Disposal Fee"). The Municipal Disposal Fee is \$65.54 per ton for the current 2019-20 fiscal year. The aggregate minimum commitment of the fourteen Participating Municipalities is 190,845 tons per year. The Town's commitment to pay the Municipal Disposal Fee is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the fourteen Participating Municipalities is not met by the total deliveries of all the fourteen Participating Municipalities or by other solid waste delivered to the system in any year, the Town must pay the Municipal Disposal Fee for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

The Municipal Disposal Fee is a fee charged for each ton of acceptable solid waste delivered to the Facility by each Participating Municipality based upon the cost of: 1) debt service on the CDA Bonds; 2) operating and maintenance expenses; and 3) other costs including taxes, insurance and utilities, minus 90% of all energy revenues and recovered ferrous metal credit.

The Municipal Disposal Fee is payable so long as the Company is accepting solid waste delivered by or on behalf of the Town, whether or not such solid waste is processed at the Facility. The Town's obligation to pay the Municipal Disposal Fee, so long as the Company is accepting the Town's solid waste, is absolute and unconditional and is not subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Town may have against the Company or any other person for any reason whatsoever. The Town has pledged its full faith and credit to the payment of the Municipal Disposal Fee and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Municipal Disposal Fee. In the event of a payment default under the Service Contract by any one or more of the Participating Municipalities, the non-defaulting Participating Municipalities are jointly and severally liable to pay such defaulted amount.

The Company is obligated to provide alternative waste disposal services in the event the Facility is unable to accept and process acceptable waste, and to mitigate the effects of such inability. The Company has provided specific performance guarantees to the Participating Municipalities. The Agreements provide for liquidated damages to be assessed upon the Company if the performance guarantees are not met. Covanta guarantees the performance of all of the obligations of the Company under the Agreements.

If the Service Contract is terminated due to default by the Participating Municipalities, the Participating Municipalities are obligated to pay amounts sufficient to defease the CDA Bonds or pay amounts sufficient to make timely payments of principal and interest on the CDA Bonds. If the Service Contract is terminated due to a default by the Company, the Company is obligated to defease the CDA Bonds or to pay principal and interest thereon. If the Company does not perform its obligations under the Service Contract and Covanta fails to perform such obligations pursuant to its guarantee of the Company's obligations, the Participating Municipalities have certain rights to terminate the Service Contract and upon termination would be no longer obligated to pay the Municipal Disposal Fee.

Sewers: A sewage collection system is available in the northwestern and southwestern areas of Wolcott. Sewage is received and treated at the City of Waterbury's wastewater treatment facility. The Mad River Relief Interceptor services a light industrial area near the Waterbury line. The remainder of the Town utilizes private septic disposal.

Water: Water is supplied primarily through individual wells. In 1988, Wolcott entered into an agreement to purchase water from the City of Waterbury and became a participant in the City's water filtration plant. A water main connected to Waterbury's municipal water system services the southern end of Route 69, which encompasses an area of small industrial firms, the Wolcott Hills area and up to the Beach Road area. A waterline extension to the Clinton Hill area was completed at a cost of \$5,420,000. Water mains were also installed in the Hitchcock Lake area of Wolcott where approximately 131 homes are serviced by the South Central Connecticut Regional Water Authority. In 2011, voters approved a \$350,000 waterline

extension in the Woodtick Road area. Also as part of the \$12,325,000 Bond authorization approved in 2011, public water was extended to the Wolcott High School along with a natural gas line. Assessments are levied on benefiting users for the costs of waterline extensions.

Parks and Recreation: The Town offers recreational activities and programs for all age groups throughout the year. Facilities include five playgrounds and parks, swimming and picnic areas, ballfields, tennis and basketball courts and a municipal golf course. Programs include: supervised summer playground activities; recreational leagues; exercise classes; a summer concert program; and trips to sporting and cultural events. A youth center facility was completed in August, 2010. The facility offers activities for grades 6 through 12. Examples of programs include college visits, computer technology instruction, life skills classes, field trips and dances. The Woodtick Recreational Facility offers swimming, recreational, and ballfields facilities. A 3.5 mile walking trail was completed ahead of schedule in the fall of 2015. Mill Pond Way Trail closely follows the shore line of Scovill Reservoir.

Library: The Town's library is accessible 49 hours per week and has a professional staff of two. Current holdings total approximately 63,300 volumes and reference materials. Special programs including lectures, exhibits and workshops are held throughout the year. The library was renovated in 2006 at a cost of \$775,000.

Social Services: The Town offers a number of social service programs geared to the needs of the elderly. Programs offered include transportation, nutrition, health and recreation. The Town also operates a staffed Senior Citizens Center.

Utilities and Other Services: Electric service is provided by Eversource, formerly Northeast Utilities, and natural gas service is provided by Yankee Gas. Passenger and freight service are provided by nearby bus and rail lines and numerous common carriers. The Oxford Regional Airport and Bradley International Airport are available to meet air transportation needs.

Municipal Employees

	<i>2019-20</i>	<i>2018-19</i>	<i>2017-18</i>	<i>2016-17</i>	<i>2015-16</i>
Board of Education	493	488	486	486	486
General Government	120	116	116	116	117
<i>Total</i>	613	604	602	602	603

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Municipal Employees Bargaining Organizations

Employees	Bargaining Unit	Number of Members	Contract Expiration Date
<u>General Government</u>			
Public Works.....	AFSCME, AFL-CIO Local 1303 of Council #4	18	6/30/2023
General Government.....	UPSEU, Unit 58	16	6/30/2023
Police.....	Police Local 332, IBPO	25	6/30/2021
Sub-Total.....		59	
<u>Board of Education</u>			
School Administration.....	Wolcott Public School Admin. Council	10	6/30/2020
Teachers.....	Wolcott Education Association	216	6/30/2022
Wolcott Paraprofessionals, Library Aides & Security Aides.....	Local 222, CILU 84	55	6/30/2019 ¹
Nurses.....	Wolcott Nurses Association, CSEA	5	6/30/2021
Custodians.....	Wolcott Custodians Local 1303 of Council #4, American Federation of State, County, and Municipal Employees AFL-CIO	22	6/30/2021
Central Office.....	AFSCME AFL-CIO	6	6/30/2019 ¹
Cafeteria Workers.....	AFSCME AFL-CIO 1303-370 Council #14	28	6/30/2021
Secretaries.....	United Public Service Employees Local 424-Unit 83	11	6/30/2023
Sub-Total.....		353	
Total.....		412	

Source: Town Officials

¹ In negotiation.

Connecticut General Statutes sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint 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 shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. For binding arbitration of all other municipal employee contracts, there is an irrebuttable presumption that 15% of the municipal employer's budget reserve 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 shall consider 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.

School Enrollment

School Year	Grades K-5	Grades 6-8	Grades 9-12	Total
Historical				
2010-11	1,157	683	903	2,743
2011-12	1,118	670	867	2,655
2012-13	1,067	640	874	2,581
2013-14	983	658	844	2,485
2014-15	946	692	781	2,419
2015-16	930	604	801	2,335
2016-17	866	572	790	2,228
2017-18	882	563	760	2,205
2018-19	882	555	758	2,195
2019-20	939	526	735	2,200
Projected				
2020-21	938	507	719	2,164
2021-22	912	493	709	2,114
2022-23	885	481	693	2,059
2023-24	885	481	693	2,059

Source: Town of Wolcott, Superintendent's Office.

School Facilities

School	Grades	Date of Construction / Remodeling	Number of Classrooms	Enrollment as of 10/1/2019	Operating Capacity
Frisbie Elementary.....	K-5	1950, 1986, 2001	28	276	700
Wakelee Elementary.....	K-5	1960, 1987, 1999, 2001	33	383	825
Alcott Elementary.....	K-5	1947, 1969, 2001	30	280	850
Tyrrell Middle.....	6-8	1967, 2001	45	526	1,125
Wolcott High.....	9-12	1958, 1962, 1977, 2001	66	735	1,400
Total			202	2,200	4,900

Source: Town of Wolcott, Superintendent's Office.

III. Economic and Demographic Data

Population Trends

Year	Actual Population¹	% Increase	Density²
2017 ³	16,696	0.1%	818.4
2010	16,680	9.6%	817.6
2000	15,215	11.1%	745.8
1990	13,700	5.3%	671.6
1980	13,008	4.1%	637.6
1970	12,495	40.6%	612.5

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

² Per square mile: 20.4 square miles.

³ American Community Survey 2013-2017

Age Distribution of Population

Age	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	722	4.3%	186,188	5.2%
5 to 9 years	1,036	6.2	206,536	5.7%
10 to 14 years	1,012	6.1	225,831	6.3%
15 to 19 years	1,051	6.3	249,777	6.9%
20 to 24 years	1,065	6.4	245,849	6.8%
25 to 34 years	1,576	9.4	439,239	12.2%
35 to 44 years	1,835	11.0	433,401	12.1%
45 to 54 years	2,824	16.9	535,611	14.9%
55 to 59 years	1,328	8.0	266,501	7.4%
60 to 64 years	1,488	8.9	229,788	6.4%
65 to 74 years	1,363	8.2	318,515	8.9%
75 to 84 years	802	4.8	167,133	4.6%
85 years and over	594	3.6	90,109	2.5%
Total.....	16,696	100%	3,594,478	100%

Median Age (Years) 2017..... 45.2 40.8

Source: American Community Survey 2013-2017

Income Distribution

Income	Town of Wolcott		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	108	2.4%	27,787	3.1%
10,000 - 14,999.....	70	1.6	16,143	1.8%
15,000 - 24,999.....	36	0.8	41,072	4.6%
25,000 - 34,999.....	217	4.8	52,218	5.8%
35,000 - 49,999.....	340	7.6	82,371	9.2%
50,000 - 74,999.....	741	16.5	134,356	15.0%
75,000 - 99,999.....	785	17.5	122,244	13.6%
100,000 - 149,999.....	1,220	27.2	186,352	20.8%
150,000 - 199,999.....	589	13.1	100,359	11.2%
200,000 and over.....	374	8.3	132,765	14.8%
Total.....	4,480	100.0%	895,667	100.0%

Source: American Community Survey 2013-2017

Income Levels

	Town of Wolcott	State of Connecticut
Per Capita Income, 2017	\$ 35,565	\$ 41,365
Median Family Income, 2017	\$ 98,048	\$ 93,800
Median Household Income, 2017	\$ 87,045	\$ 73,781

Source: American Community Survey 2013-2017

Educational Attainment

	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	361	3.1%	104,623	4.2%
9th to 12th grade.....	485	4.1	137,877	5.6
High School graduate.....	4,234	35.9	673,582	27.2
Some college, no degree.....	2,098	17.8	422,535	17.0
Associate's degree	1,183	10.0	188,481	7.6
Bachelor's degree.....	2,057	17.4	532,055	21.5
Graduate or professional degree.....	1,392	11.8	421,144	17.0
Total.....	11,810	100.0%	2,480,297	100.0%
Total high school graduate or higher (%)....		92.8%		90.2%
Total bachelor's degree or higher (%).....		29.2%		38.4%

Source: American Community Survey 2013-2017

Employment by Industry

Sector	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	16	0.2%	7,166	0.4%
Construction.....	937	10.2	104,122	5.8
Manufacturing.....	1,134	12.3	191,519	10.6
Wholesale trade.....	354	3.8	44,741	2.5
Retail trade.....	1,186	12.8	193,016	10.7
Transportation warehousing, and utilities....	381	4.1	68,926	3.8
Information.....	183	2.0	42,200	2.3
Finance, insurance, real estate, and leasing..	768	8.3	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	645	7.0	208,130	11.5
Education, health and social services.....	2,267	24.6	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	518	5.6	153,679	8.5
Other services (except public admin.).....	343	3.7	82,538	4.6
Public Administration.....	499	5.4	67,156	3.7
Total Labor Force, Employed.....	9,231	100.0%	1,805,086	100.0%

Source: American Community Survey 2013-2017

**Major Employers
As of October 2019**

Employer	Type of Business	Approximate Number of Employees
Town of Wolcott.....	Municipality	613
Wolcott View Manor Health & Rehab Center.....	Convalescent Home	200
Sequel Medical.....	Medical Supply Manufacturer	100
Pat's IGA.....	Grocery Store	62
Ultimate Service, Inc.....	Facilities Management	54
Devon Precision, Inc.....	Swiss Screw Machine Products	50
Walsh's IGA.....	Grocery Store	50
All American Heating & AC, Inc.....	Heating, AC & Plumbing	50
NUCAP US, Inc.....	Eyelet Products	22
Mattatuck Industrial Scrap Metal, Inc.....	Buyers of Scrap Metals	21

Source: Telephone Survey of Employers.

Labor Force Data

Period	Town of Wolcott		Percentage Unemployed		
	Employed	Unemployed	Town of Wolcott	Waterbury Labor Market	State of Connecticut
July 2019	9,794	314	3.1	4.4	3.6
Annual Average					
2018.....	9,633	368	3.7	5.1	4.1
2017.....	9,509	413	4.2	5.9	4.7
2016.....	9,389	445	4.5	6.5	5.3
2015.....	9,303	459	4.7	7.1	5.6
2014.....	9,268	533	5.4	8.9	6.7
2013.....	9,094	647	6.6	10.5	7.9
2012.....	9,099	735	7.5	9.2	8.3
2011.....	9,123	824	8.3	11.6	8.8
2010.....	9,052	886	8.9	12.8	9.0
2009.....	8,289	775	8.6	11.1	8.2

Source: State of Connecticut, Department of Labor.

Building Permits

Fiscal Year Ending 6/30	Residential		Commercial/Industrial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2019	398	\$ 7,946,842	1	\$ 857,145	578	\$ 3,067,692	977	\$ 11,871,679
2018	345	5,999,144	2	508,500	499	2,910,868	846	9,418,512
2017	399	7,568,143	3	1,530,000	515	3,680,082	917	12,778,225
2016	477	7,406,929	1	140,000	544	3,379,946	1,022	10,926,875
2015	408	7,722,332	-	-	524	3,127,922	932	10,850,254
2014	354	5,899,805	1	750,950	476	2,289,072	831	8,939,827
2013	349	5,462,245	-	-	396	1,457,546	745	6,919,791
2012	296	4,272,567	-	-	517	1,903,994	813	6,176,561
2011	280	4,943,813	-	-	422	1,717,208	702	6,661,021
2010	297	5,662,604	3	168,000	377	1,760,262	677	7,590,866

Source: Building Department, Town of Wolcott.

Housing Inventory

Housing Units	Town of Wolcott		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	5,326	88.0%	892,621	59.2%
1-unit, attached.....	50	0.8	81,393	5.4
2 units.....	217	3.6	123,040	8.2
3 or 4 units.....	171	2.8	130,914	8.7
5 to 9 units.....	180	3.0	82,787	5.5
10 to 19 units.....	75	1.2	56,540	3.8
20 or more units.....	31	0.5	128,477	8.5
Mobile home.....	-	-	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
Total Inventory.....	6,050	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Owner Occupied Housing

Specified Owner-Occupied Units	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	121	2.4%	24,038	2.7%
\$50,000 to \$99,000.....	59	1.2	29,789	3.3
\$100,000 to \$149,999.....	335	6.8	83,320	9.2
\$150,000 to \$199,000.....	779	15.8	141,024	15.6
\$200,000 to \$299,999.....	2,040	41.3	244,356	26.9
\$300,000 to \$499,999.....	1,348	27.3	236,671	26.1
\$500,000 to \$999,999.....	180	3.6	106,192	11.7
\$1,000,000 or more.....	79	1.6	41,408	4.6
Total.....	4,941	100.0%	906,798	100.0%
Median Value.....	\$251,900		\$270,100	

Source: American Community Survey 2013-2017

Land Use Summary

Classification	Acreage	Percent
Agricultural.....	84.0	0.6%
Commercial.....	280.1	2.1
Community Facilities.....	378.4	2.8
Industrial.....	243.3	1.8
Recreational.....	1,788.0	13.2
Residential.....	4,642.7	34.2
ROW.....	547.3	4.0
Transportation.....	4.4	0.0
Undeveloped.....	4,990.0	36.7
Utilities.....	152.7	1.1
Water.....	474.0	3.5
Total.....	13,584.9	100.0%

Source: Town of Wolcott, Planning Department, 2016.

IV. Tax Base Data

Assessments

The Town of Wolcott had a general property revaluation by physical inspection of all real estate, effective on the Grand List of October 1, 2016. The next revaluation is scheduled for October 1, 2021. Under Section 12-62 of the Connecticut General Statutes the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at 70 percent of present value.

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year commencing October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year commencing October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town currently has a mill rate of 33.14 and therefore, it will not receive any reimbursement from the State.

Motor vehicle lists are furnished to the Town by the State of Connecticut, and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town of Wolcott. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70 percent of the annual appraisal of market value.

Property Tax Collection Procedure

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

Property Tax Levies and Collections

Fiscal					Percent of	Percent of	Percent of
Year	Grand	Net		Adjusted	Annual Levy	Annual Levy	Annual Levy
Ending	List of	Taxable	Mill	Annual	Collected at	Uncollected	Uncollected
6/30	10/1	Grand List	Rate	Levy	End of	at End of	as of
					Fiscal Year	Fiscal Year	6/30/2019 ¹
2020 ¹	2018	\$ 1,242,066,460	33.14	\$40,536,262	IN COLLECTION		
2019 ¹	2017	1,234,450,029	32.20	39,153,167	97.7%	2.31%	2.31%
2018	2016 ²	1,227,179,944	32.84	39,693,732	97.8%	2.20%	1.20%
2017	2015	1,282,942,815	28.91	36,486,251	97.8%	2.19%	0.71%
2016	2014	1,271,057,987	28.08	35,128,210	98.1%	1.90%	0.45%
2015	2013	1,265,322,865	27.17	34,555,784	98.2%	1.80%	0.12%
2014	2012	1,257,541,104	25.91	32,715,206	98.2%	1.80%	0.01%
2013	2011 ²	1,254,860,310	25.27	31,801,822	98.2%	1.80%	0.01%
2012	2010	1,363,377,222	22.68	31,067,973	98.0%	2.00%	0.00%
2011	2009	1,364,820,365	22.68	31,006,021	97.9%	2.10%	0.00%

¹ Subject to audit.

² Revaluation.

Source: Tax Collector's Office, Town of Wolcott.

Comparative Assessed Valuations

	Residential	Commercial	Other					Net	
Grand	Real	& Industrial	Real	Personal	Motor	Gross	Less	Taxable	Percent
List	Property	Property	Property	Property	Vehicle	Taxable	Exemption ²	Grand	Change
of 10/1	(%)	(%)	(%)	(%)	(%)	Grand List		List	
2018	78.0	6.1	2.3	2.6	11.0	\$ 1,264,428,080	\$ 22,361,620	\$ 1,242,066,460	0.6%
2017	76.6	6.0	2.6	4.1	10.7	1,258,208,149	23,758,120	1,234,450,029	0.6%
2016 ¹	76.6	5.9	2.8	4.0	10.7	1,251,277,624	24,097,680	1,227,179,944	-4.3%
2015	77.7	5.8	2.8	3.6	10.1	1,306,637,885	23,695,070	1,282,942,815	0.9%
2014	78.2	5.9	2.8	3.2	9.9	1,292,247,197	21,189,210	1,271,057,987	0.5%
2013	78.2	5.8	2.8	3.3	9.9	1,288,549,965	23,227,100	1,265,322,865	0.6%
2012	78.5	5.9	2.8	3.1	9.7	1,280,403,927	22,862,823	1,257,541,104	0.2%
2011 ¹	78.5	5.9	2.9	3.0	9.7	1,276,353,879	21,493,569	1,254,860,310	-8.0%
2010	81.8	5.7	1.4	2.7	8.4	1,383,794,343	20,417,121	1,363,377,222	-0.1%
2009	81.4	5.7	1.4	3.5	8.0	1,387,154,334	22,333,969	1,364,820,365	0.3%

¹ Revaluation.

² Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

Source: Assessor's Office, Town of Wolcott.

Property Tax Receivables

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2019	\$ 904,673	\$ 1,844,674
2018	889,453	1,689,556
2017	819,744	1,442,854
2016	676,467	1,161,812
2015	635,413	1,044,671
2014	573,328	914,894
2013	570,402	870,214
2012	615,195	950,282
2011	646,932	1,116,132
2010	821,215	1,680,245

Source: Tax Collector's Office, Town of Wolcott.

Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers per the grand list dated October 1, 2018:

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power.....	Utility	\$ 14,299,030	1.15%
ACAR Leasing LTD.....	Personal Property	5,107,460	0.41%
Beach Building LLC.....	Real Estate	4,253,400	0.34%
New Countryside LLC.....	Real Estate	3,957,430	0.32%
Nucap US Inc.....	Manufacturing	2,803,940	0.23%
Buell Industries, Inc.....	Real Estate	2,700,480	0.22%
Nissan Infiniti LT.....	Personal Property	2,647,250	0.21%
RSK Realty LLC.....	Real Estate	2,406,800	0.19%
Toyota Lease Trust.....	Personal Property	2,065,070	0.17%
Blue Shutter Properties LLC.....	Real Estate	1,932,740	0.16%
Total.....		\$ 42,173,600	3.40%

¹ Based on October 1, 2018 Net Taxable Grand List of \$1,242,066,460.

Source: Tax Assessor, Town of Wolcott

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V. Debt Section

Principal Amount of Bonded Indebtedness As of November 7, 2019 (Pro-Forma)

Long-Term Debt

<i>Dated</i>	<i>Purpose</i>	<i>Rate %</i>	<i>Amount of Original Issue</i>	<i>Outstanding</i>	<i>Date of Final Fiscal Year of Maturity</i>
03/15/02	General Purpose (Taxable) - Lot C.....	6.25-6.50	\$ 800,000	\$ 75,000	2022
08/09/10	General Purpose - Series B.....	2.00-5.00	225,000	25,000	2021
08/09/10	Schools - Series B.....	2.00-5.00	11,445,000	1,665,000	2022
08/09/10	Water - Series B.....	2.00-5.00	1,115,000	170,000	2022
10/23/14	General Purpose.....	2.00-4.00	6,960,000	5,335,000	2034
02/17/15	General Purpose Refunding.....	2.00-4.00	1,665,000	892,000	2026
02/17/15	Schools Refunding.....	2.00-4.00	470,000	257,000	2026
02/17/15	Water Refunding.....	2.00-4.00	1,895,000	1,046,000	2026
10/20/16	General Purpose.....	2.00-5.00	2,952,315	2,527,800	2034
10/20/16	Schools.....	2.00-5.00	1,530,000	1,309,995	2034
10/20/16	Water.....	2.00-5.00	107,685	92,205	2034
10/19/17	General Purpose - Series A.....	2.00-5.00	10,480,000	10,040,000	2043
10/19/17	Schools - Series A.....	2.00-5.00	820,000	785,000	2043
11/28/17	General Purpose Refunding - Series B.....	4.00-5.00	2,383,000	2,053,000	2030
11/28/17	Schools Refunding - Series B.....	4.00-5.00	247,000	217,000	2030
Total Outstanding.....			\$ 43,095,000	\$ 26,490,000	
<u>This Issue</u>					
11/07/2019	General Purpose.....	<i>tbd</i>	\$ 6,125,000	\$ 6,125,000	2040
11/07/2019	Schools.....	<i>tbd</i>	720,000	720,000	2040
Total This Issue.....			\$ 6,845,000	\$ 6,845,000	
Grand Total.....			\$ 49,940,000	\$ 33,335,000	

Note: The table above excludes drinking water fund and capital leases.

Short-Term Debt As of November 7, 2019 (Pro-Forma)

As of November 7, 2019, the Town does not have any outstanding short-term debt.

Other Long-Term Commitments

Pursuant to an Intermunicipal Agreement with the City of Waterbury, the Town of Wolcott is responsible for \$3,089,815 or 3.475% of the total costs of the City's sewage treatment plant upgrade. The Town pays its proportionate share of the project costs through repayment of a Clean Water Fund Loan payable directly to the State of Connecticut. On June 30, 2019 Wolcott's proportionate estimated share of principal was \$169,414. The loan has a rate of 2% and will mature on June 30, 2020.

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Annual Bonded Debt Maturity Schedule^{1, 2}
As of November 7, 2019
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	This Issue	Total Principal	Cumulative Principal Retired %
2020 ²	\$ 25,000	\$ 466,309	\$ 491,309	\$ -	\$ 25,000	0.1%
2021	3,000,000	868,744	3,868,744	345,000	3,345,000	10.1%
2022	2,360,000	759,294	3,119,294	345,000	2,705,000	18.2%
2023	1,720,000	673,944	2,393,944	345,000	2,065,000	24.4%
2024	1,720,000	600,294	2,320,294	345,000	2,065,000	30.6%
2025	1,705,000	529,594	2,234,594	345,000	2,050,000	36.8%
2026	1,650,000	461,175	2,111,175	345,000	1,995,000	42.7%
2027	1,375,000	403,003	1,778,003	345,000	1,720,000	47.9%
2028	1,375,000	359,725	1,734,725	345,000	1,720,000	53.1%
2029	1,380,000	322,519	1,702,519	345,000	1,725,000	58.2%
2030	1,365,000	283,750	1,648,750	340,000	1,705,000	63.4%
2031	1,130,000	248,088	1,378,088	340,000	1,470,000	67.8%
2032	1,145,000	215,138	1,360,138	340,000	1,485,000	72.2%
2033	1,155,000	180,638	1,335,638	340,000	1,495,000	76.7%
2034	1,155,000	145,988	1,300,988	340,000	1,495,000	81.2%
2035	470,000	121,613	591,613	340,000	810,000	83.6%
2036	470,000	107,513	577,513	340,000	810,000	86.1%
2037	470,000	93,413	563,413	340,000	810,000	88.5%
2038	470,000	79,313	549,313	340,000	810,000	90.9%
2039	470,000	65,213	535,213	340,000	810,000	93.3%
2040	470,000	51,113	521,113	340,000	810,000	95.8%
2041	470,000	36,719	506,719	-	470,000	97.2%
2042	470,000	22,031	492,031	-	470,000	98.6%
2043	470,000	7,344	477,344	-	470,000	100.0%
Total.....	\$ 26,490,000	\$ 7,102,475	\$ 33,592,475	\$ 6,845,000	\$ 33,335,000	

¹ Excludes self-supporting sewer debt. Please see "Other Long-Term Commitments" for further information.

² Excludes principal payments of \$3,405,000 and interest payments of \$537,109 made between July 1, 2019 and November 7, 2019.

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Debt Statement^{1, 2}
As of November 7, 2019
(Pro-Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this Issue).....	\$ 27,072,800
Schools (Includes this Issue).....	4,953,995
Sewer	-
Water	1,308,205
Total Long-Term Debt.....	33,335,000
Short-Term Debt.....	-
Total Direct Debt.....	33,335,000
Less: School Construction Grants Receivable (As of June 30, 2019) ¹	-
Less: Water Assessment Receivable (Principal Only)	(1,308,205)
Total Direct Net Debt.....	32,026,795
Overlapping/Underlying Debt.....	-
Total Overall Net Debt.....	\$ 32,026,795

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

² Excludes self-supporting sewer debt. Please see "Other Long-Term Commitments" for further information.

Current Debt Ratios
As of November 7, 2019
(Pro-Forma)

Population ¹	16,696
Net Taxable Grand List at 70% of Full Value (10/1/18)	\$ 1,242,066,460
Estimated Full Value	\$ 1,774,380,657
Equalized Net Taxable Grand List (10/1/17) ²	\$ 1,835,063,728
Money Income per Capita (2017) ¹	\$ 35,565

	Total Direct Debt:	Total Direct Net Debt:
	\$33,335,000	\$32,026,795
Debt per Capita.....	\$1,996.59	\$1,918.23
Ratio to Net Taxable Grand List.....	2.68%	2.58%
Ratio to Estimated Full Value.....	1.88%	1.80%
Ratio to Equalized Net Taxable Grand List.....	1.82%	1.75%
Debt per Capita to Money Income per Capita.....	5.61%	5.39%

¹ American Community Survey 2013-2017

² Office of Policy and Management, State of Connecticut.

Bond Authorization

The Town of Wolcott has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes (“CGS”) subject to statutory debt limitations and the procedural requirements of the Town’s Charter. The issuance of bonds or notes is authorized upon the recommendation of the Mayor and approval of the Town Council by a majority vote, and by the voters at a Town Meeting or a referendum, except for refunding bonds which are approved by the Town Council.

Temporary Financing

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

Temporary notes must be permanently funded no later than ten years from the 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 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 fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

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

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

“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 CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The 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.

Statement of Debt Limitation ^{1, 2}
As of November 7, 2019
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2019 (unaudited) \$ 40,331,171

Reimbursement For Revenue Loss:

Tax relief for elderly..... -

Base for Debt Limitation Computation..... \$ 40,331,171

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 90,745,135	-	-	-	-
4 1/2 times base.....	-	\$ 181,490,270	-	-	-
3 3/4 times base.....	-	-	\$ 151,241,891	-	-
3 1/4 times base.....	-	-	-	\$ 131,076,306	-
3 times base.....	-	-	-	-	\$ 120,993,513
Total Debt Limitation.....	\$ 90,745,135	\$ 181,490,270	\$ 151,241,891	\$ 131,076,306	\$ 120,993,513

Indebtedness:

Bonds Outstanding.....	\$ 20,947,800	\$ 4,233,995	\$ 1,308,205	\$ -	\$ -
Bonds (This Issue).....	6,125,000	720,000	-	-	-
Notes	-	-	-	-	-
Debt Authorized But Unissued	-	40,000	-	-	-
Total Indebtedness.....	\$ 27,072,800	\$ 4,993,995	\$ 1,308,205	\$ -	\$ -

Less:

State School Grants Receivable ²	-	-	-	-	-
Water Assessment Receivable	-	-	(1,308,205)	-	-
Total Net Indebtedness.....	27,072,800	4,993,995	-	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 63,672,335 \$ 176,496,275 \$ 151,241,891 \$ 131,076,306 \$ 120,993,513

¹ Excludes self-supporting sewer debt. Please see "Other Long-Term Commitments" for further information.

² The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$282,318,197.

Authorized but Unissued Debt

Project	Amount Authorized	Previously Bonded / Paydowns	Maturing Notes Due: 11/7/19	Grants/ Paydowns Applied	This Issue: The Bonds	Authorized but Unissued
Property Acquisition - Schools	\$ 465,000	\$ 425,000	\$ -	\$ -	\$ -	\$ 40,000
Capital Projects - General Purpose and Schools ¹	7,000,000	-	7,000,000	(155,000)	6,845,000	-
Total	\$ 7,465,000	\$ 425,000	\$ 7,000,000	\$ (155,000)	\$ 6,845,000	\$ 40,000

¹ The projects are for the reconstruction and repair of various Town roads, roadside elements and parking lots, including associated drainage facilities, sidewalks and pedestrian ramps, the purchase of Fire Department breathing apparatus and related equipment, improvements to the Senior Center, the removal and replacement of fuel oil tanks at Alcott Elementary School, Frisbee Elementary School and Wakelee Elementary School, the purchase and installation of two (2) gas-fired boilers at Tyrrell Middle School, renovations to the Central Office at Alcott Elementary School and costs of issuance related thereto.

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			Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)
				Ratio of Net Long-Term Debt to Net Assessed Value (%)	Long-Term Debt to Estimated Full Value (%)	Population ³		
2019	\$ 1,234,450,029	\$ 1,763,500,041	\$ 29,895,000	2.42%	1.70%	16,696	\$1,790.55	5.03%
2018	1,227,179,944	1,753,114,206	32,795,000	2.67%	1.87%	16,696	1,964.24	5.52%
2017	1,282,942,815	1,832,775,450	24,670,000	1.92%	1.35%	16,696	1,477.60	4.15%
2016	1,271,057,987	1,815,797,124	22,680,000	1.78%	1.25%	16,696	1,358.41	3.82%
2015	1,265,322,865	1,807,604,093	25,390,000	2.01%	1.40%	16,696	1,520.72	4.28%

¹ Assessment Ratio: 70%.

² Does not reflect State of Connecticut School Construction grants, and water and sewer assessments applied to the retirement of the outstanding debt.

³ American Community Survey 2013-2017.

⁴ Money Income per Capita: American Community Survey 2013-2017 data: \$35,565 used for all calculations.

Ratios of Annual Long-Term General Fund Debt Service To Total General Fund Expenditures

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2019 ²	\$ 4,565,329	\$ 61,202,162	7.46%
2018	4,418,597	59,029,530	7.49%
2017	3,885,986	58,881,890	6.60%
2016	4,185,525	57,896,827	7.23%
2015	3,891,632	61,075,374	6.37%
2014	3,994,408	55,103,502	7.25%
2013	3,833,732	53,740,093	7.13%
2012	3,136,623	52,869,796	5.93%

¹ GAAP basis of accounting. Includes Transfers out.

² Subject to audit.

Source: Annual Audited Financial Statements.

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VI. Financial Administration

Fiscal Year

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

Accounting Policies

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town has changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2003. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

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

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

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

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

Budgetary Procedures

A legally adopted budget for the General Fund is authorized annually for the following funds: General Fund, Acquired Facilities, Farmingbury Hills, Sewer Usage, Water Usage, Sewer Assessment and Water Assessment Funds. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of its Town Charter:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, including the Board of Education, submits to the Mayor a detailed estimate of the expenditures to be made and the revenues to be collected in the ensuing fiscal year. Estimates are required to be submitted to the Mayor at least 90 days before the end of the fiscal year.
- The Mayor presents the budgeted estimates of revenues and expenditures and justifications to the Town Council, no later than 90 days before the end of the fiscal year.
- Not less than 30 days before the beginning of the fiscal year, the Town Council holds a public hearing on the budget. The Town Council adopts the final budget before 20 days of the close of the fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. Intradepartmental transfers of any amount under \$100 can be made without Town Council Approval. The Mayor may authorize additional appropriations up to \$20,000 on an individual basis and up to \$50,000 on a cumulative basis with the approval of the Town Council. Additional appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting.
- Formal budgetary integration is employed as a management control device during the year.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2019-2021 biennium budget legislation did not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021, and accordingly, the Town will not be receiving a municipal revenue sharing grant in fiscal year 2019-2020.

Annual Audit

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management ("OPM") and a copy of the report must be filed with OPM within six months of the end of the fiscal year. For the fiscal year ended June 30, 2018, the examination was conducted by the firm of Mahoney Sabol of Glastonbury, Connecticut.

Pension Plans

The Town maintains two single-employer, defined benefit pension plans: the Town General Pension Plan and the Board of Education Pension Plan. The Plans cover substantially all full-time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teacher's Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Town General Pension Plan

Plan administration - The Town administers a single-employer, contributory defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement and disability benefits for eligible employees. The Town Plan is administered by a Retirement Board composed of selected members.

Plan membership - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011, Town Hall Dispatcher union employees after October 1, 2011, Police union employees after September 25, 2015, and Public Works union after September 13, 2018.

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Benefits provided – The Town Plan provides retirement and disability benefits. The normal retirement age for police officers is either 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for all other employees is 65. Normal retirement benefits consist of a yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

Years of Service	Vested Percentage
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

The following reflects the results of an actuarial valuation of Town General Pension Plan benefits as of January 1, 2017, with unaudited information for fiscal year ended 2019 and budgeted information for fiscal year ending 2020:

Fiscal Year Ended	Actual Contribution	Annual Required Contribution (ARC)	% of ARC Contributed
6/30/2015	\$ 1,058,150	\$ 1,058,150	100.0%
6/30/2016	1,158,500	1,158,247	100.0%
6/30/2017	1,345,461	1,345,461	100.0%
6/30/2018	1,399,948	1,399,948	100.0%
6/30/2019 ¹	1,336,546	1,336,547	100.0%
6/30/2020 ²	1,238,367	1,238,367	100.0%

¹ *Unaudited.*

² *Budgeted.*

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Town Plan at June 30, 2019, determined by an actuarial valuation as of January 1, 2017 and based on actuarial assumptions as of that date, were as follows:

Total Pension Liability at June 30, 2019.....	\$ 33,548,561
Plan Fiduciary Net Position	<u>22,366,267</u>
Town's Net Pension Liability	\$ 11,182,294

Plan Fiduciary Net Position as % of	
Total Pension Liability	66.7%

The following presents the net pension liability, calculated using the discount rate of 7.25%, 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 (6.25)%	Current Discount (7.25)%	1 % Increase (8.25)%
Town Plan's Net Pension Liability			
as of June 30, 2019	\$ 15,343,937	\$ 11,182,294	\$ 7,711,794

Board of Education General Pension Plan

Plan administration – The Town of Wolcott Board of Education administers the Retirement Plan for the full-time employees of the Town of Wolcott Board of Education Pension Plan – a single-employer, contributory, defined benefit pension plan (the “Board of Education Plan”). The Board of Education Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Board of Education Plan is administered by a Retirement Board composed of selected members.

Plan membership – Eligible regular full-time employees of the Board of Education are members of the Board of Education Plan. Eligible employees become members after completion of one year of service.

Benefits provided – The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses and cafeteria workers) is 62 with 5 years of service. The normal retirement age for the business manager is 60 with 22 years of service. The secretarial group is fully vested after ten years of service and all other employees vest after five years of service, and are fully vested at that time. Normal retirement benefits consist of a yearly annuity.

For all employees, the benefit is based on 50% of final average salary. Final average salary is defined as the highest five-year average within the last 10 years. The benefit is reduced by 1/20 for every year of service less than 20.

All participants are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service.

The following reflects the results of an actuarial valuation of Board of Education General Pension Plan benefits as of September 1, 2016 with unaudited information for fiscal year 2019:

<i>Fiscal Year Ended</i>	<i>Actual Contribution</i>	<i>Annual Required Contribution (ARC)</i>	<i>% of ARC Contributed</i>
6/30/2015	\$ 655,743	\$ 642,343	102.1%
6/30/2016	767,343	642,343	119.5%
6/30/2017	607,943	640,013	95.0%
6/30/2018	724,012	673,012	107.6%
6/30/2019 ¹	663,983	673,012	98.7%
6/30/2020 ²	674,544	583,536	115.6%

¹ *Unaudited.*

² *Budgeted.*

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Board of Education Plan at June 30, 2018, determined by an actuarial valuation as of September 1, 2016 and based on actuarial assumptions as of that date, were as follows:

Total Pension Liability at June 30, 2018	\$ 16,425,116
Plan Fiduciary Net Position	15,240,840
Town's Net Pension Liability	\$ 1,184,276

Plan Fiduciary Net Position as % of	
Total Pension Liability	92.8%

The following presents the net pension liability, calculated using the discount rate of 7.50%, 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.

	<i>1 % Decrease (6.00)%</i>	<i>Current Discount (7.00)%</i>	<i>1 % Increase (8.00)%</i>
Board of Education's Net Pension Liability			
as of June 30, 2019	\$ 2,900,799	\$ 1,184,276	\$ (267,197)

Connecticut State Teachers' Retirement System

All Town teachers participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106. The Town does not and is not legally responsible to contribute to the plan.

For further details on the plans, please refer to Appendix A under “Notes to Financial Statements, Note K” herein.

Other Post-Employment Benefits

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other post-employment benefit program (OPEB) covers Town and Board of Education retired employees. The plan provides for medical, prescription drugs and dental benefits. All retired program members receiving benefits are required to contribute except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005, and the Secretaries, Custodian and Teacher unions. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town’s various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

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

The following reflects the results of an actuarial valuation of postemployment benefits as of July 1, 2018:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 21,462,037	\$ (21,462,037)	0.0%	\$ 21,419,478	100.2%
7/1/2012	-	20,645,315	(20,645,315)	0.0%	24,373,895	84.7%
7/1/2014	-	19,045,930	(19,045,930)	0.0%	23,838,631	79.9%
7/1/2016	-	23,652,176	(23,652,176)	0.0%	N/A ¹	N/A ¹
7/1/2018	-	28,055,489	(28,055,489)	0.0%	N/A ¹	N/A ¹

¹ Effective July 2, 2016 the Actuarial Cost Method was changed to Entry Age Normal as a level percent of pay (prior to July 1, 2016, Projected Unit Cost Method was used).

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1 % Decrease (2.58)%	Current Discount (3.58)%	1 % Increase (4.58)%
Total OPEB Liability	\$ 30,293,643	\$ 25,950,582	\$ 22,490,258

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1 % Decrease in Trend Rates	Current Trend Rates	1 % Increase in Trend Rates
Total OPEB Liability	\$ 22,008,701	\$ 25,950,582	\$ 30,981,183

For further details on OPEB, please refer to Appendix A under “Notes to Financial Statements, Note L” herein.

Schedule of Changes in Total OPEB Liability

<i>Total OPEB Liability</i>	<i>2018</i>
Service Cost.....	\$ 888,651
Interest.....	816,041
Changes in Benefit Terms.....	-
Differences Between Expected and Actual Experience.....	-
Changes of Assumptions.....	(3,068,057)
Benefit Payments, Including Refunds.....	(860,811)
Net Change in Total OPEB Liability.....	(2,224,176)
Total OPEB Liability - Beginning.....	28,174,758
Total OPEB Liability - Ending.....	<u>\$ 25,950,582</u>

Investment Policies and Practices

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

The investment practices of the Town of Wolcott are in compliance with the Connecticut General Statutes and its Charter.

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Comparative Balance Sheets - General Fund

	<i>Unaudited 6/30/2019</i>	<i>Audited 6/30/2018</i>	<i>Audited 6/30/2017</i>	<i>Audited 6/30/2016</i>	<i>Audited 6/30/2015</i>
Assets					
Cash and Cash Equivalents.....	\$ 7,794,299	\$ 7,800,358	\$ 5,243,049	\$ 4,048,163	\$ 3,755,088
Investments.....	490,305	980,000	980,000	980,000	490,000
Accounts Receivable, Net	2,253,102	2,171,874	3,724,167	4,230,030	4,786,719
Due From Other Funds	701,781	442,692	502,417	436,452	594,152
Total Assets	11,239,487	11,394,924	10,449,633	9,694,645	9,625,959
Liabilities and Fund Balances					
Accounts Payable	1,433,550	1,532,130	1,469,007	1,254,348	1,183,634
Accrued Salaries and Benefits Payable....	188,841	298,740	219,540	169,160	327,187
Due to Other Funds.....	855,715	1,787,010	709	-	-
Unearned Revenue	96,242	31,763	26,832	20,491	22,272
Deferred Revenue	-	-	-	-	-
Total Liabilities	2,574,348	3,649,643	1,716,088	1,443,999	1,533,093
Deferred Inflows of Resources					
Unavailable Revenue.....	1,964,785	1,784,630	3,531,963	3,804,201	4,280,369
Total Deferred Inflows of Revenue.....	1,964,785	1,784,630	3,531,963	3,804,201	4,280,369
Fund Balances					
Nonspendable.....	545,218	417,691	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	711,051	514,749	247,649	140,367	56,882
Unassigned.....	5,444,085	5,028,211	4,953,933	4,306,078	3,755,615
Total Fund Balance	6,700,354	5,960,651	5,201,582	4,446,445	3,812,497
Total Liabilities, Deferred Inflows of Resources and Fund Balances	11,239,487	11,394,924	10,449,633	9,694,645	9,625,959
Analysis of General Fund Balance					
Operating revenues	\$60,563,364	\$59,403,041	\$59,637,027	\$58,530,775	\$ 61,335,472
Fund balance as a percent of operating revenues	11.06%	10.03%	8.72%	7.60%	6.22%
Unassigned fund balance as a percent of operating revenues	8.99%	8.46%	8.31%	7.36%	6.12%

Intergovernmental Revenues

<i>Fiscal Year Ended 6/30</i>	<i>Intergovernmental Revenues</i>	<i>Total Revenues</i>	<i>Percent</i>
2019 ¹	\$ 19,403,947	\$ 60,563,364	32.04%
2018	17,841,373	59,403,041	30.03%
2017	20,111,705	59,637,027	33.72%
2016	20,092,505	58,530,775	34.33%
2015	20,699,671	61,335,472	33.75%
2014	20,711,146	54,641,282	37.90%
2013	20,168,083	53,109,249	37.97%
2012	19,263,593	51,428,413	37.46%

¹ Subject to audit.

Source: Annual Audited Financial Statements.

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
and Unaudited FY 2018-19 and FY 2019-20 Budget (Budgetary Basis)

	Budget ¹	Unaudited Actual	Actual	Actual	Actual	Actual
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Revenues:						
Property Taxes	\$ 41,282,762	\$ 40,331,171	\$ 40,836,545	\$ 37,383,242	\$ 35,996,804	\$ 34,705,469
Departmental Revenues	1,407,389	828,246	725,123	732,807	931,779	856,539
Intergovernmental ²	13,816,983	19,403,947	17,841,373	20,111,705	20,092,505	20,699,671
Transfers In	-	-	-	1,409,273	1,509,687	5,073,793
Total Revenues & Transfers In.....	56,507,134	60,563,364	59,403,041	59,637,027	58,530,775	61,335,472
Expenditures:						
General Government	16,145,168	15,466,195	15,364,852	15,203,081	15,095,199	14,513,021
Debt Service	4,560,289	4,565,329	4,418,597	3,885,986	4,185,525	3,891,632
Education	35,524,031	40,928,054	38,975,515	38,053,884	37,563,529	37,739,030
Capital Outlay	277,646	242,584	270,566	1,198,939	982,574	106,871
Transfers Out	-	-	-	540,000	70,000	4,824,820
Total Expenditures & Transfers Out.....	56,507,134	61,202,162	59,029,530	58,881,890	57,896,827	61,075,374
Excess (Deficiency) of Revenues						
Over Expenditures.....	-	(638,798)	373,511	755,137	633,948	260,098
Other Financing Sources (uses):						
Proceeds from Refunding Bond Issuance.....	-	-	2,630,000	-	-	-
Payment to Refunding Bond Escrow Agent....	-	-	(2,945,964)	-	-	-
Premium on Bonds Issued.....	-	-	388,284	-	-	-
Proceeds from Capital Lease Issuance.....	-	242,584	119,739	-	-	-
Operating Transfers In	-	1,200,917	672,974	-	-	-
Operating Transfers Out	-	(65,000)	(479,475)	-	-	-
Total Other Financing Sources (uses).....	-	1,378,501	385,558	-	-	-
Excess (deficiency) of revenues and other						
financing sources (uses) over (under)						
expenditures and other financing uses.....	-	739,703	759,069	755,137	633,948	260,098
Fund Balance, Beginning of Year.....	6,700,354	5,960,651	5,201,582	4,446,445	3,812,497	3,552,399
Fund Balance, End of Year.....	\$ 6,700,354	\$ 6,700,354	\$ 5,960,651	\$ 5,201,582	\$ 4,446,445	\$ 3,812,497
Analysis of General Fund Balance						
Fund balance as a percent of						
operating expenditures.....	11.86%	10.95%	10.10%	8.83%	7.68%	6.24%

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

² The difference in intergovernmental revenues is due to Teachers on behalf pension payments.

VII. Legal and Other Information

Litigation

The Town of Wolcott, its officers, employees, boards and commissions, are defendants in a number of lawsuits. The Town Attorney is of the opinion that pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would have a materially adverse effect upon its financial position.

Cybersecurity Incident

In June 2019, Wolcott Public Schools detected a ransomware attack that had blocked teachers and administrators from accessing certain data. On August 26, 2019, the Wolcott Board of Education approved a resolution authorizing the Superintendent of Schools to spend \$9,999 to pay a ransom through Bitcoin for the release of the teacher files. To date, no ransom payment has been made and the teacher files remain inaccessible. On September 4, 2019, Wolcott Public Schools noticed suspicious activity in the District's computer systems and voluntarily shut down its computer network out of caution. At this time, the district has stated that no student or staff medical or financial information is in danger. The district is working with local police and federal authorities on a cyber security task force to investigate the ransomware attacks on its computer systems.

Transcript and Documents Furnished at Delivery

Upon the delivery of the Bonds, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds.
2. A Certificate on behalf of the Town signed by the Mayor, Treasurer and Finance Officer 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 accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Bonds.
4. Approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut, substantially in the form of Appendix B, attached hereto.
5. Continuing Disclosure Agreement, substantially in the form of Appendix C, attached hereto.
6. The Town of Wolcott has prepared an Official Statement for the Bonds which is dated October __, 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.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

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Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

TOWN OF WOLCOTT, CONNECTICUT

THOMAS G. DUNN
Mayor

ANTHONY J. MARINO
Treasurer

SUSAN E. HALE
Finance Officer

October __, 2019

Appendix A

2018 General Purpose Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Wolcott, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut (the "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.

Auditor's 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the budgetary comparison information and the schedules on the Town's pension plans and other post-employment benefit program on pages 72 through 89 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 combining and individual fund statements and schedules on pages 90 through 111 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 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.



Certified Public Accountants
Glastonbury, Connecticut
December 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,751,749 (net position). Of this amount, \$28,625,976 represents a deficit in the Town's unrestricted net position. This deficit is primarily attributed to the Town's liabilities for pension and other post-employment benefits, which are being funded on an annual basis by the Town based on actuarially determined contributions.
- The Town's total net position increased by \$1,000,944 during the current fiscal year.
- The beginning net position of the Town was decreased by \$18,907,786 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the total other post-employment liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,200,550, an increase of \$913,993 in comparison with the prior year. This increase is primarily attributed to the receipt of all remaining school bond principal and interest reimbursements due from the State of Connecticut for school construction projects completed and bonded in prior years. The Town has set aside \$1,489,348 for the purpose of reducing future years debt service payments on the related debt.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,028,211 or 8.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.
- The Town's total capital assets decreased by \$891,728 or 0.1%.
- The Town's total long-term bonded debt increased by \$8,125,000 or 32.9%. This increase is attributed to the issuance of \$11,300,000 in general obligation bonds used to retire previously outstanding bond anticipation notes, the issuance of \$2,630,000 in general obligation bonds used to refund \$2,820,000 in previously outstanding general obligation bonds, offset by scheduled debt service payments.

OVERVIEW OF THE 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

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 and inflows of resources, and liabilities, with net position as the residual of these elements. 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.

The government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town 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 the 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.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Governmental Funds (Continued)

The Town maintains several individual 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 Fund, the Capital Improvement Fund, the Water Assessments Fund, and the Small Cities Grant Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 through 21 of this report.

Proprietary Funds

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 self-insured healthcare activities. Because this service benefits governmental activities, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 25 through 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 71 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 72 through 89 of this report. Combining and individual fund financial statements and schedules can be found on pages 90 through 111 of this report.

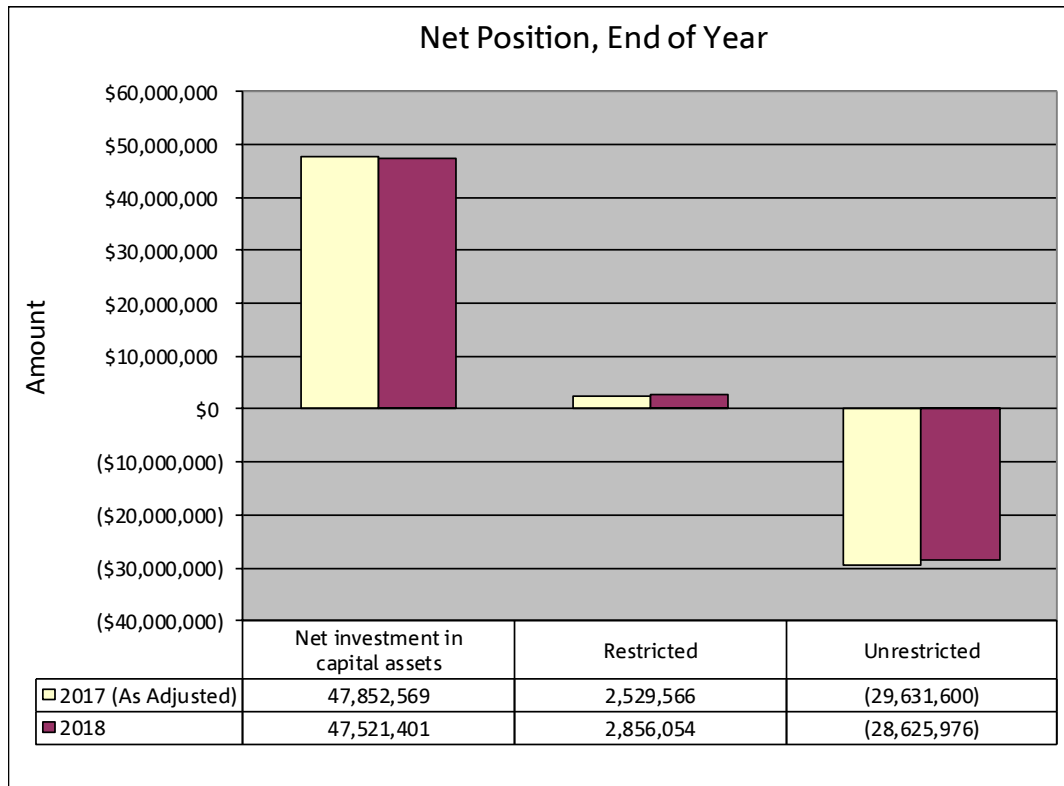
TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$21,751,479 as of June 30, 2018 and \$20,750,535 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows.

	2018	2017 (As Adjusted)	\$ Variance	% Variance
Current and other assets	\$ 28,164,162	\$ 21,598,331	\$ 6,565,831	30.4%
Capital assets, net	84,829,033	85,720,761	(891,728)	-1.0%
Total assets	112,993,195	107,319,092	5,674,103	5.3%
Deferred outflows of resources	2,922,780	4,353,424	(1,430,644)	-32.9%
Long-term liabilities	77,590,601	72,412,739	5,177,862	7.2%
Other liabilities	11,411,942	15,031,490	(3,619,548)	-24.1%
Total liabilities	89,002,543	87,444,229	1,558,314	1.8%
Deferred inflows of resources	5,161,953	3,477,752	1,684,201	48.4%
Net position:				
Net investment in capital assets	47,521,401	47,852,569	(331,168)	-0.7%
Restricted	2,856,054	2,529,566	326,488	12.9%
Unrestricted	(28,625,976)	(29,631,600)	1,005,624	3.4%
Total net position	\$ 21,751,479	\$ 20,750,535	\$ 1,000,944	4.8%



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Of the Town's net position, 218.5% reflects its investment in capital assets, 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.

13.1% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position increased by \$1,000,944.

Changes in Net Position

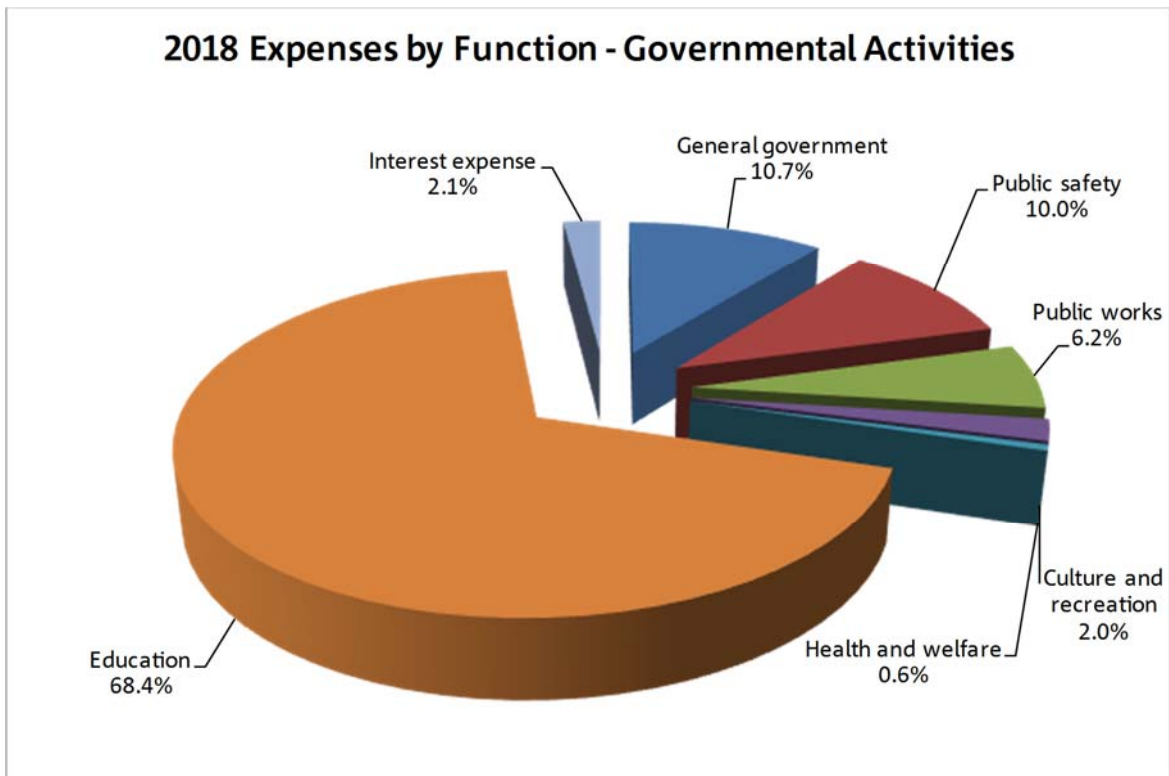
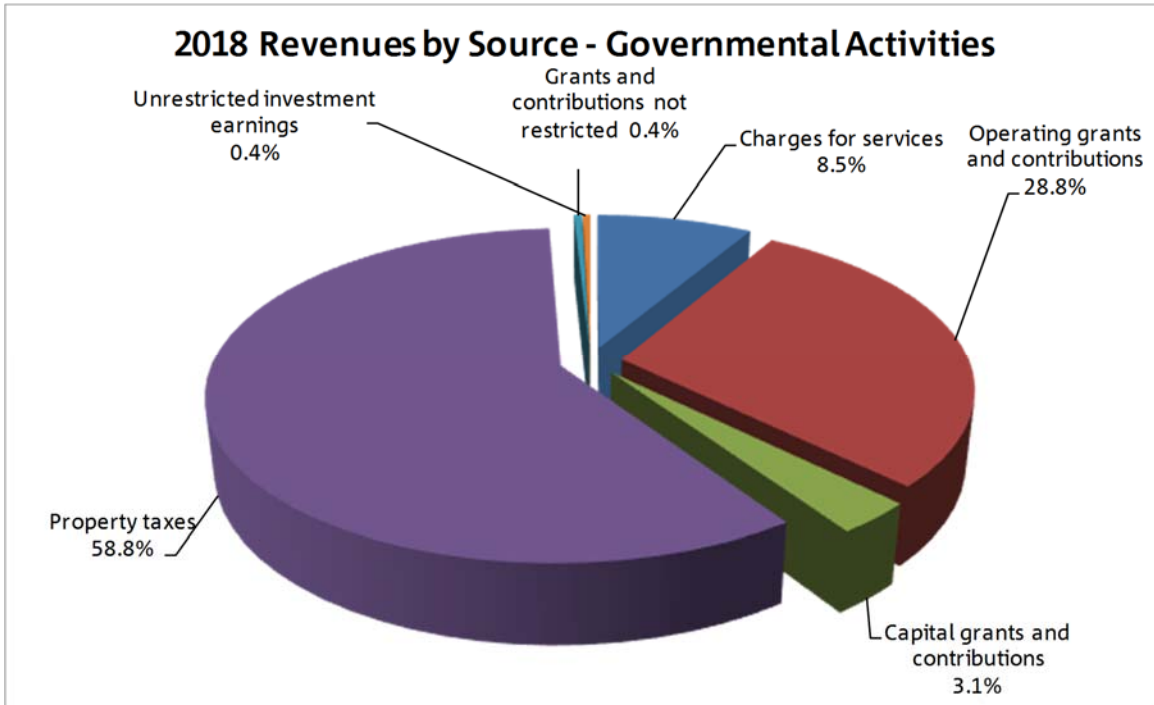
Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

	2018	2017	\$ Variance	% Variance
Program revenues:				
Charges for services	\$ 5,964,941	\$ 5,986,110	\$ (21,169)	-0.4%
Operating grants and contributions	20,167,842	22,554,823	(2,386,981)	-10.6%
Capital grants and contributions	2,174,300	1,480,409	693,891	46.9%
General revenues:				
Property taxes	41,100,125	37,716,617	3,383,508	9.0%
Grants and contributions not restricted	309,316	666,618	(357,302)	-53.6%
Unrestricted investment earnings	286,550	41,902	244,648	583.9%
Total revenues	<u>70,003,074</u>	<u>68,446,479</u>	<u>1,556,595</u>	2.3%
Program expenses:				
General government	7,388,288	7,393,105	(4,817)	-0.1%
Public safety	6,932,395	6,919,718	12,677	0.2%
Public works	4,300,432	4,408,109	(107,677)	-2.4%
Culture and recreation	1,427,511	1,375,732	51,779	3.8%
Health and welfare	391,115	364,808	26,307	7.2%
Education	47,167,054	45,629,643	1,537,411	3.4%
Interest expense	1,395,335	1,010,194	385,141	38.1%
Total expenses	<u>69,002,130</u>	<u>67,101,309</u>	<u>1,900,821</u>	2.8%
Change in net position	<u>\$ 1,000,944</u>	<u>\$ 1,345,170</u>	<u>\$ (344,226)</u>	-25.6%

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the Town's net position by \$1,000,944.

Revenues generated by the Town increased by \$1,556,595 or 2.3% in comparison to revenues reported in the prior year. Key elements of the current year change in revenues included an increase in tax revenues of approximately \$3.4 million or 9.0%, which was offset by reductions in State aid, including a \$1,734,278 reduction in the amount received by the Town from the State of Connecticut's education cost sharing grant.

Expenses incurred by the Town increased by \$1,900,821 or 2.8%, when compared to the prior year. This increase was primarily attributed to an increase in budgeted education expenditures from 2017 due to higher contractual and special education tuition costs and an anticipated increase in interest expense in relation to scheduled debt service payments.

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 the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,200,550, an increase of \$913,993 in comparison with the prior year. Of this amount, \$2,389,480 constitutes a deficit in unassigned fund balance. The deficit represents a temporary deficit due to the use of \$7,000,000 in short-term bond anticipation notes to fund ongoing capital projects. This deficit is expected to be financed on a long-term basis upon completion of the projects.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,028,211, while total fund balance was \$5,960,651. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 8.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$759,069 during the current fiscal year as a result of favorable budget results, outlined in the General Fund Budgetary Highlights section below.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Capital Improvement Fund

The Capital Improvement Fund has a deficit fund balance of \$1,350,857 as of June 30, 2018, which is a \$1.5 million decrease in the fund balance from the prior year. This decrease is primarily attributable to the use of short-term bond anticipation notes to fund current year capital outlays. Significant capital outlays consisted of road reconstruction and repairs, and the acquisition of a fire department breathing apparatus and related equipment.

Water Assessment Fund

The fund balance of the Water Assessments Fund decreased by \$179,036 during the current fiscal year. This decrease was due to scheduled debt service repayments in excess of current year collections on assessments levied in prior years.

Small Cities Grant Program Fund

The fund balance of the Small Cities Grant Fund increased by \$24,087 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$791,969. No supplemental appropriations were made during the fiscal year. The Town Council approved an increase of \$1,891,976 in budgeted property tax revenues in January 2018 to cover a budgeted revenue shortfall as a result of reductions in the amount received by the Town from the State of Connecticut's education cost sharing grant.

Revenues and other financing sources exceeded budgetary estimates by \$381,752 or 0.7%, primarily due to a favorable collections on current year and prior year delinquent property taxes levied. Expenditures were \$410,216 or 0.8% less than budgeted, primarily due to decreased public works expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2018 totaled \$84,829,033 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The Town's investment in capital assets decreased \$891,728 or 1.0%. This decrease can be attributed to various capital additions as outlined in further detail below, offset by current year depreciation expense.

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

- Additions to construction in progress of approximately \$457 thousand related to ongoing construction of Town roads, bridges and sidewalks.
- Additions of approximately \$1.6 million in vehicles, machinery, and equipment related to the acquisition of a fire pumper engine, fire department breathing apparatuses, and two new vehicles.
- An increase of approximately \$917 thousand in infrastructure due to the completion of various road reconstruction projects.

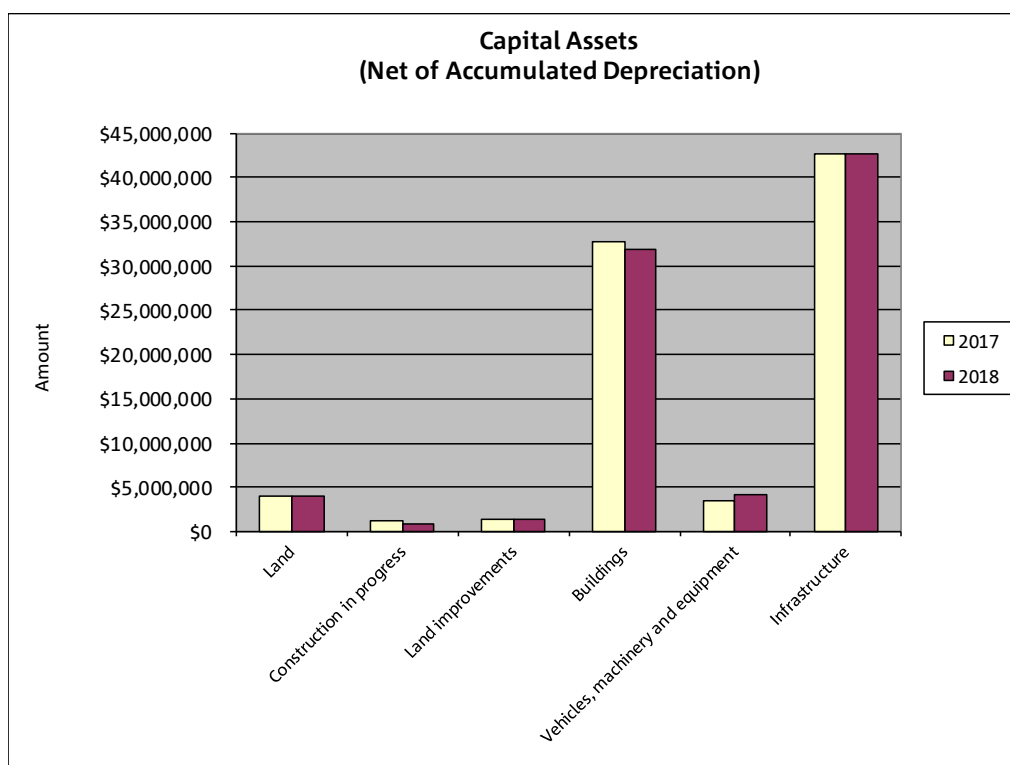
TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	2018	2017
Land	\$ 3,955,774	\$ 3,955,774
Construction in progress	833,736	1,286,057
Land improvements	1,396,810	1,441,555
Buildings	31,803,239	32,767,405
Vehicles, machinery and equipment	4,168,442	3,518,268
Infrastructure	42,671,032	42,751,702
Totals	<u>\$ 84,829,033</u>	<u>\$ 85,720,761</u>



Additional information on the Town's capital assets can be found in Note 4 of this report.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt

At the end of the current fiscal year, the Town had total long-term debt (consisting of bonds, notes and capital lease obligations) outstanding of \$34,196,071, all of which is backed by the full faith and credit of the Town. The Town's total principal long-term debt increased by \$7,687,344 or 29.0%. Significant activities relating to changes in long-term debt are as follows:

- The issuance of \$11,300,000 in general obligation bonds, the proceeds of which were used to retire previously outstanding bond anticipation notes.
- The issuance of \$2,630,000 in general obligation refunding bonds, the proceeds of which were used to advance refund bonds outstanding in the amount of \$2,820,000, originally issued to finance various general purpose and school construction projects authorized by the Town.
- Capital lease financing of \$216,086 utilized for the purchase of two vehicles to be used by the Wolcott Volunteer Ambulance Association and the Wolcott Fire Department, and the acquisition of new golf carts for use at the Town's public golf course.
- Scheduled principal repayments of \$3,638,742.

In addition to the long-term debt discussed above, the Town also issued \$7,000,000 in bond anticipation notes during the current fiscal year. The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. The authorized use and purpose of the financing is for the reconstruction and repair of various town roads, roadside elements and parking lots, the purchase of fire department breathing apparatuses, and improvements to the senior center and education facilities.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

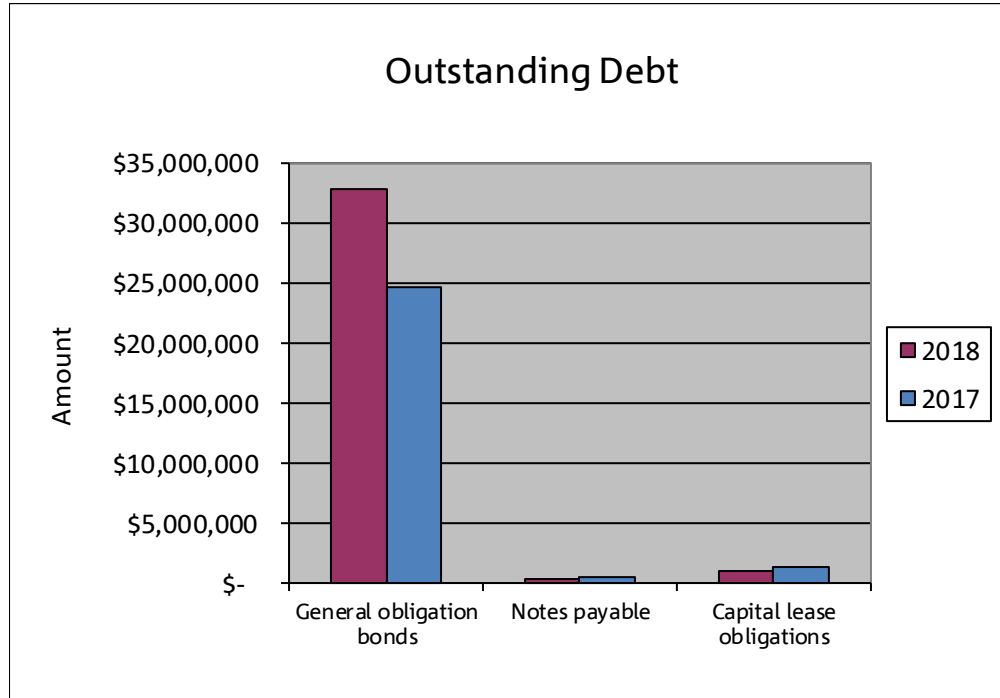
The following tables are a two year comparison of long-term debt:

	2018	2017
General obligation bonds	\$ 32,795,000	\$ 24,670,000
Notes payable	335,476	498,252
Capital lease obligations	1,065,595	1,340,475
Totals	<u>\$ 34,196,071</u>	<u>\$ 26,508,727</u>

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt *(Continued)*



Additional information on the Town's debt can be found in Notes 7 and 8 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town (September 2018) was 3.3%, which compares favorably to the state's unemployment rate of 3.8%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2019, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

TOWN OF WOLCOTT, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES *(Continued)*

All of these factors were considered in preparing the Town's budget for fiscal year 2019. The Town's fiscal year 2019 General Fund budget was approved by the Town Council on June 5, 2018. The approved budget contemplated expenditures of \$55,322,498, which is an increase of \$562,381 or 1.03% over the original fiscal year 2018 budgeted expenditures. The Town has assigned \$300,000 of fund balance of the General Fund for spending in the 2019 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Wolcott, 10 Kenea Avenue, Wolcott, Connecticut 06716.

BASIC FINANCIAL STATEMENTS

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,439,027
Investments	1,425,000
Receivables:	
Property taxes and interest, net	1,974,762
Grants and contracts	130,307
Assessments, net	200,000
Usage fees, net	1,344,982
Other	313,383
Noncurrent assets:	
Assessments receivable	904,900
Loans receivable	2,431,801
Capital assets:	
Non-depreciable	4,789,510
Depreciable, net	80,039,523
Total assets	<u>112,993,195</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on sewer upgrades	335,476
Deferred charges on refundings	562,587
Deferred charges on pension expense	2,024,717
Total deferred outflows of resources	<u>2,922,780</u>
LIABILITIES	
Accounts payable	2,881,454
Accrued liabilities:	
Salaries and benefits payable	298,740
Accrued interest	470,507
Claims payable	634,724
Bond anticipation notes payable	7,000,000
Unearned revenue	126,517
Noncurrent liabilities:	
Due within one year	3,962,374
Due in more than one year	73,628,227
Total liabilities	<u>89,002,543</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pension expense	2,507,381
Deferred charges on OPEB expense	2,654,572
Total deferred inflows of resources	<u>5,161,953</u>
NET POSITION	
Net investment in capital assets	47,521,401
Restricted for:	
Rehabilitation loan program	2,431,801
Other purposes	424,253
Unrestricted	(28,625,976)
Total net position	<u>\$ 21,751,479</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Primary Government:					
Governmental activities:					
General government	\$ 7,388,288	\$ 377,962	\$ 116,332	\$ -	\$ (6,893,994)
Public safety	6,932,395	327,595	2,114	-	(6,602,686)
Public works	4,300,432	1,805,319	536,500	64,610	(1,894,003)
Culture and recreation	1,427,511	658,315	40,837	-	(728,359)
Health and welfare	391,115	32,183	235,715	100,000	(23,217)
Education	47,167,054	2,763,567	19,236,344	2,009,690	(23,157,453)
Interest expense	1,395,335	-	-	-	(1,395,335)
Total governmental activities	<u>\$ 69,002,130</u>	<u>\$ 5,964,941</u>	<u>\$ 20,167,842</u>	<u>\$ 2,174,300</u>	<u>(40,695,047)</u>
General revenues:					
Property taxes, levied for general purposes					41,100,125
Grants and contributions not restricted to specific programs					309,316
Unrestricted investment earnings					286,550
Total general revenues					<u>41,695,991</u>
Change in net position					1,000,944
Net position - beginning, as originally reported					39,658,321
Cumulative effect of implementing					
new accounting standard (See Note 1)					<u>(18,907,786)</u>
Net position - beginning					<u>20,750,535</u>
Net position - ending					<u>\$ 21,751,479</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,800,358	\$ 6,553,838	\$ 1,116,503	\$ 68,438	\$ 2,559,684	\$ 18,098,821
Investments	980,000	-	-	-	445,000	1,425,000
Receivables:						
Property taxes and interest, net	1,974,762	-	-	-	-	1,974,762
Grants and contracts	28,384	-	-	16,946	84,977	130,307
Loans	-	-	-	2,431,801	-	2,431,801
Assessments, net	-	-	1,091,708	-	13,192	1,104,900
Usage fees, net	-	-	-	-	1,344,982	1,344,982
Other	168,728	-	-	-	65,108	233,836
Due from other funds	25,001	-	-	-	1,490,298	1,515,299
Inventories	-	-	-	-	18,616	18,616
Advances to other fund	417,691	-	-	-	-	417,691
Total assets	<u>\$ 11,394,924</u>	<u>\$ 6,553,838</u>	<u>\$ 2,208,211</u>	<u>\$ 2,517,185</u>	<u>\$ 6,021,857</u>	<u>\$ 28,696,015</u>
LIABILITIES						
Accounts payable	\$ 1,532,130	\$ 902,499	\$ -	\$ 16,283	\$ 581,999	\$ 3,032,911
Accrued salaries and benefits payable	298,740	-	-	-	-	298,740
Bond anticipation notes payable	-	7,000,000	-	-	-	7,000,000
Due to other funds	1,787,010	2,196	-	-	23,755	1,812,961
Unearned revenue	31,763	-	-	-	94,754	126,517
Advances from other fund	-	-	-	-	417,691	417,691
Total liabilities	<u>3,649,643</u>	<u>7,904,695</u>	<u>-</u>	<u>16,283</u>	<u>1,118,199</u>	<u>12,688,820</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	<u>1,784,630</u>	<u>-</u>	<u>1,091,708</u>	<u>2,431,801</u>	<u>498,506</u>	<u>5,806,645</u>
FUND BALANCES						
Nonspendable	417,691	-	-	-	18,616	436,307
Restricted	-	5,294,072	-	69,101	355,152	5,718,325
Committed	-	355,071	1,116,503	-	4,449,075	5,920,649
Assigned	514,749	-	-	-	-	514,749
Unassigned	5,028,211	(7,000,000)	-	-	(417,691)	(2,389,480)
Total fund balances	<u>5,960,651</u>	<u>(1,350,857)</u>	<u>1,116,503</u>	<u>69,101</u>	<u>4,405,152</u>	<u>10,200,550</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,394,924</u>	<u>\$ 6,553,838</u>	<u>\$ 2,208,211</u>	<u>\$ 2,517,185</u>	<u>\$ 6,021,857</u>	<u>\$ 28,696,015</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balance for governmental funds	\$	10,200,550
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Non-depreciable	\$	4,789,510	
Depreciable, net		80,039,523	
Total capital assets, net			84,829,033

Some of the Town's receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		5,806,645
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The following deferred outflows and inflows of resources are applicable to the Town's governmental activities, but do not effect the current period and, therefore, are not reported in the funds:

Deferred charge on sewer upgrades		335,476	
Deferred charge on refundings		562,587	
Deferred charges on OPEB expense		(2,654,572)	
Deferred charges pension expense		(482,664)	
Total deferred outflows (inflows) of resources, net			(2,239,173)

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable		(470,507)	
Long-term debt:			
Bonds payable, net		(35,098,696)	
Other long-term liabilities:			
Notes payable		(335,476)	
Capital lease obligations		(1,065,595)	
Heart and Hypertension obligations		(979,152)	
Compensated absences		(2,644,475)	
Early retirement incentive		(2,850)	
Net pension liabilities		(11,513,775)	
Total OPEB liability		(25,950,582)	
Total long-term liabilities			(78,061,108)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

		1,215,532
Net position of governmental activities	\$	21,751,479

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 40,836,545	\$ -	\$ -	\$ -	\$ -	\$ 40,836,545
Intergovernmental	17,841,373	-	-	147,176	3,678,012	21,666,561
Charges for services	517,347	-	211,199	24,045	3,337,040	4,089,631
Interest income	94,009	40,240	-	41	6,419	140,709
Other	113,767	-	-	-	208,042	321,809
Total revenues	59,403,041	40,240	211,199	171,262	7,229,513	67,055,255
EXPENDITURES						
Current:						
General government	7,191,668	-	-	-	13,644	7,205,312
Public safety	5,759,788	-	-	-	165,205	5,924,993
Public works	1,650,749	-	-	-	1,261,265	2,912,014
Culture and recreation	548,252	-	-	-	643,436	1,191,688
Health and welfare	214,395	-	-	147,175	17,502	379,072
Education	38,975,515	-	-	-	2,955,874	41,931,389
Capital outlays	270,566	1,863,529	-	-	195,498	2,329,593
Debt service:						
Principal payments	3,386,722	-	-	-	209,068	3,595,790
Interest and fiscal charges	959,555	233,549	-	-	12,877	1,205,981
Debt issuance costs	72,320	91,326	-	-	-	163,646
Total expenditures	59,029,530	2,188,404	-	147,175	5,474,369	66,839,478
Excess (deficiency) of revenues over expenditures	373,511	(2,148,164)	211,199	24,087	1,755,144	215,777
OTHER FINANCING SOURCES (USES)						
Capital lease financing	119,739	-	-	-	96,347	216,086
Proceeds from bonds	2,630,000	11,300,000	-	-	-	13,930,000
Premiums on bonds and notes	388,284	409,810	-	-	-	798,094
Payments to escrow agent	(2,945,964)	-	-	-	-	(2,945,964)
Repayment of bond anticipation notes	-	(11,300,000)	-	-	-	(11,300,000)
Transfers in	672,974	410,000	-	-	69,475	1,152,449
Transfers out	(479,475)	(220,000)	(390,235)	-	(62,739)	(1,152,449)
Total other financing sources (uses)	385,558	599,810	(390,235)	-	103,083	698,216
Net change in fund balances	759,069	(1,548,354)	(179,036)	24,087	1,858,227	913,993
Fund balances - beginning	5,201,582	197,497	1,295,539	45,014	2,546,925	9,286,557
Fund balances - ending	\$ 5,960,651	\$ (1,350,857)	\$ 1,116,503	\$ 69,101	\$ 4,405,152	\$ 10,200,550

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$	913,993
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. In addition, depreciation expense and gains (losses) on the sale of capital assets are not reported in the Governmental Funds. This amount reflects the net effect of these differences.		(891,728)
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Deferred outflows and inflows of resources resulting from changes in the components of the net pension liabilities and total OPEB liability are amortized as a component of pension and OPEB expenses in the statement of activities.		(2,997,209)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(216,086)	
General obligation refunding bonds issued	(2,630,000)	
Premium on bonds issued	(749,478)	
Deferred charge on bond refunding	125,964	
Principal repayments:		
Bonds and notes payable	3,147,776	
Payment to refunded bonds escrow agent	2,820,000	
Capital lease financing	490,966	
Net adjustment		2,989,142

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows of resources.		(1,746,289)
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(Continued)

TOWN OF WOLCOTT, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$ (204,906)	
Amortization of deferred charges on sewer upgrades	(162,776)	
Amortization of deferred charges on refunding	(80,824)	
Amortization of bond premiums	168,454	
Heart and Hypertension obligations	48,284	
Compensated absences	(51,025)	
Early retirement incentive	1,425	
Net pension liabilities	867,647	
Total OPEB liability	<u>2,224,176</u>	
		\$ 2,810,455
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within governmental activities.		<u>(77,420)</u>
Change in net position of governmental activities		<u>\$ 1,000,944</u> <i>(Concluded)</i>

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 1,340,206
Receivables	260,931
Due from other funds	297,662
Total assets	<u>1,898,799</u>
LIABILITIES	
Accounts payable	48,543
Claims payable	634,724
Total liabilities	<u>683,267</u>
NET POSITION	
Unrestricted:	
Designated for Town benefits	872,392
Designated for Board of Education benefits	343,140
Total net position	<u><u>\$ 1,215,532</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Employer contributions	\$ 6,793,001
Employee contributions	1,892,514
Total operating revenues	<u>8,685,515</u>
OPERATING EXPENSES	
Premiums and claims incurred	8,422,036
Administration	340,900
Total operating expenses	<u>8,762,936</u>
Operating loss and change in net position	(77,421)
Net position - beginning	<u>1,292,953</u>
Net position - ending	<u><u>\$ 1,215,532</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the following:	
Employer	\$ 6,593,001
Employees	1,931,953
Cash paid for the following:	
Premiums and claims incurred	(8,318,888)
Administration	(313,993)
Net cash used in operating activities	<u>(107,927)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund activity	<u>(297,662)</u>
Net decrease in cash and cash equivalents	(405,589)
Cash and cash equivalents, beginning of year	<u>1,745,795</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,340,206</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (77,421)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(160,561)
Increase in accounts payable	26,907
Increase in claims payable	103,148
Net cash used in operating activities	<u><u>\$ (107,927)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 3,754,562	\$ 5,964	\$ 427,375
Investments	33,341,814	223,515	-
Contributions receivable	195,627	-	-
Total assets	<u>37,292,003</u>	<u>229,479</u>	<u>\$ 427,375</u>
LIABILITIES			
Due to student groups	-	-	170,399
Due to others	-	-	256,976
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 427,375</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 37,292,003</u>	<u>\$ 229,479</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 2,123,960	\$ -
Plan members	103,928	-
Private donations	-	1,250
Other	-	-
Total contributions	<u>2,227,888</u>	<u>1,250</u>
Investment earnings:		
Net change in the fair value of investments	2,501,066	-
Interest and dividends	586,417	2,140
Total investment earnings	<u>3,087,483</u>	<u>2,140</u>
Less investment fee expense	171,032	-
Total investment earnings, net	<u>2,916,451</u>	<u>2,140</u>
Total additions	<u>5,144,339</u>	<u>3,390</u>
DEDUCTIONS		
Benefit payments	2,234,325	4,450
Administrative expenses	49,524	-
Total deductions	<u>2,283,849</u>	<u>4,450</u>
Change in net position	2,860,490	(1,060)
Net position - beginning	<u>34,431,513</u>	<u>230,539</u>
Net position - ending	<u><u>\$ 37,292,003</u></u>	<u><u>\$ 229,479</u></u>

The accompanying notes are an integral part of these financial statements .

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wolcott, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town, originally named Farmingbury, was incorporated as Wolcott in 1796, under the provisions of the Connecticut General Statutes. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, health and welfare, education and other miscellaneous programs.

The legislative power of the Town is vested with the Town Council and Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The Town Council is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and the Mayor is responsible for presenting fiscal operating budgets for Town Council approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Capital Improvement Fund - This fund is used to account for the revenues and expenditures associated with the Town's various long-term capital projects.

Water Assessments Fund - This fund is used to account for the proceeds of water line assessments. Revenue is used to fund debt services costs related to the waterline extension projects within the Town.

Small Cities Grant Fund - This fund accounts for the proceeds and expenditures related to the Community Development Block Grant Small Cities program operated by the Town. Funding is used to provide loans to low-income residents for home improvements.

In addition, the Town reports the following fiduciary fund types:

Internal Service Fund *(proprietary)* - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities related to medical and dental insurance.

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town and Police Pension Trust Fund and the Board of Education Pension Trust Fund.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of the School Scholarship Private Purpose Trust Fund.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities fund and the performance bond fund. The student activities fund accounts for monies generated by student activities in the Town's school system. The performance bond fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

Measurement Focus and Basis of Accounting

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Implementation of Accounting Standards *(Continued)*

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provided for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017. The adjustment does not include deferred outflows of resources or deferred inflows of resources related to OPEB.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 39,658,321
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	9,266,972
Adjustment to record net other post-employment liability recognized under GASB Statement No. 75	<u>(28,174,758)</u>
	<u>(18,907,786)</u>
Net position - beginning, as adjusted	<u><u>\$ 20,750,535</u></u>

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash Equivalents

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts, certain external investment pools and synthetic guaranteed investment contracts as described below.

Investments in participating interest-earning investment contracts consist of negotiable certificates of deposit. Investments in these types of contracts, which have a remaining maturity at the time of purchase of one year or less, are measured by the Town at amortized cost.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Investments *(Continued)*

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

Investments in synthetic guaranteed investment contracts consist of group annuity contracts. Investments in these types of contracts are measured by the Town at contract value.

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

During the year ended June 30, 2018, the Town received a bequest in the amount of \$100,000 to be used for the purchase of a new senior bus. As of June 30, 2018, this amount has been reported as being restricted for other purposes in the government-wide statement of net position and the governmental funds balance sheet.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes, Assessments and Usage Charges

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and interest on delinquent accounts is charged at a rate of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$103,282 and \$30,819, respectively, as of June 30, 2018.

Upon completion of projects, water and sewer assessments are levied and assessed to the users annually. The timing of billings is based on which phase of the assessment the property is located in. Sewer usage charges are billed annually on July 1. Water usage charges are billed quarterly. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at a rate of 1.5% per month. Liens are filed on all delinquent properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible water and sewer assessments of \$65,900 and \$8,500, respectively, as of June 30, 2018. In addition, the Town has established an allowance for uncollectible water and sewer usage charges of \$3,000 and \$15,000, respectively, as of June 30, 2018.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Loans Receivable

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2018, loans receivable totaled \$2,431,801 under this program.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Vehicles, machinery and equipment	5-15
Infrastructure	10-50

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refundings, deferred charges on pension and OPEB expenses and deferred charges on sewer upgrades reported in the government-wide statement of net position. Deferred charges on refundings resulted from differences in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred charges on sewer upgrades resulted from costs financed by the Town in connection with shared upgrades made to the sewage treatment plant in the City of Waterbury. These costs are being amortized as an expense over the life of the related debt. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension liabilities and total OPEB liability and are being amortized as a component of pension and OPEB expense on a systematic and rational basis.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Deferred Outflows/Inflows of Resources *(Continued)*

Deferred inflows of resources consist of revenues that are reported as being unavailable in the governmental funds balance sheet and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Unavailable revenues are recognized as an inflow of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Compensated Absences and Employee Retirement Obligations

It is the Town's policy to permit employees to accumulate unused sick and vacation pay benefits. Benefits are determined by the individual union contracts. Certain Board of Education personnel are also eligible for certain retirement incentive amounts that are amortized over time upon acceptance of an Early Retirement Incentive Program. In addition, certain Town police employees are eligible for heart and hypertension benefits which are amortized over time.

All compensated absences and employee retirement obligations are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Position and Fund Balances *(Continued)*

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows and inflows of resources which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund 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 use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund of a minimum of 7% of the ensuing fiscal year's operating revenue, with a targeted maximum of 10%. As of June 30, 2018, unassigned fund balance in the General Fund represented 9.1% of the Town's approved budgeted operating revenues for the fiscal year 2018-2019 General Fund budget.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance *(Continued)*

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits, as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 19,439,027
Statement of fiduciary net position:	
Cash and cash equivalents	4,187,901
	<u>23,626,928</u>
Add: certificates of deposit considered cash deposits	
for disclosure purposes	223,515
Less: cash equivalents considered investments	
for disclosure purposes	<u>(15,175,707)</u>
	<u><u>\$ 8,674,736</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2018, \$8,678,144 of the Town's bank balance of \$9,873,860 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,810,330
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	867,814
	<u><u>\$ 8,678,144</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,425,000
Statement of fiduciary net position:	
Investments	33,565,329
	<u>34,990,329</u>
Add: cash equivalents considered investments for disclosure purposes	15,175,707
Less: certificates of deposit considered cash deposits for disclosure purposes	<u>(223,515)</u>
	<u><u>\$ 49,942,521</u></u>

As of June 30, 2018, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)	
				Less Than 1	1 to 5
Debt Securities:					
Governmental activities:					
Short-term Investment Fund	Net asset value	AAA	\$ 11,677,947	\$ 11,677,947	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	1,425,000	1,425,000	-
Fiduciary:					
Money market mutual funds	Net asset value	Unrated	3,497,760	3,497,760	-
Corporate bonds	Fair value	A	498,641	498,641	-
Corporate bonds	Fair value	AA	747,648	498,110	249,538
Corporate bonds	Fair value	BBB	749,650	749,650	-
			18,596,646	\$ 18,347,108	\$ 249,538
Other investments:					
Fiduciary:					
Group annuity contracts	Contract value		15,240,840		
Exchange traded funds	Fair value		836,722		
Mutual funds	Fair value		15,268,313		
			\$ 49,942,521		

Because investments in the Short-term Investment Fund and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides for the Town to maintain significant balances in cash equivalents or other short-term maturity investments, as changing interest rates have limited impact on these types of investments.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy defines certain requirements that financial dealers and institutions must adhere to in order to become qualified bidders to provide services to the Town. The Town's investments in external investment pools, mutual funds and group annuity contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

Credit Risk

Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investment policy regarding credit risk is to limit investments to those specified in the Connecticut general statutes, to pre-qualify the financial institutions used by the Town and to diversify the Town's portfolio so that the failure of one issuer will not place undue financial burden on the Town.

Concentrations of Credit Risk

The Town's investment policy generally restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. As of June 30, 2018, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (89.1%). As of June 30, 2018, more than 10% of the Town's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
John Hancock Life Insurance Company	GAC - 1K Diversified Stock Fund	\$ 10,919,197	32%
John Hancock Life Insurance Company	GAC - Immediate Participation Guarantee	4,321,643	13%
State Street Global Advisors	SPDR S&P 500 ETF Trust	4,959,541	15%

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 15,268,313	\$ -	\$ -
Exchange traded funds	836,722	-	-
Corporate bonds	-	1,995,939	-
	<u>\$ 16,105,035</u>	<u>\$ 1,995,939</u>	<u>\$ -</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,955,774	\$ -	\$ -	\$ -	\$ 3,955,774
Construction in progress	1,286,057	457,174	-	(909,495)	833,736
Total capital assets, not being depreciated	<u>5,241,831</u>	<u>457,174</u>	<u>-</u>	<u>(909,495)</u>	<u>4,789,510</u>
Capital assets, being depreciated:					
Land improvements	4,641,104	40	-	97,014	4,738,158
Buildings	60,088,010	68,650	(6,401)	-	60,150,259
Vehicles, machinery and equipment	15,050,858	1,046,131	(299,331)	591,200	16,388,858
Infrastructure	71,285,893	695,831	-	221,281	72,203,005
Total capital assets, being depreciated	<u>151,065,865</u>	<u>1,810,652</u>	<u>(305,732)</u>	<u>909,495</u>	<u>153,480,280</u>
Less accumulated depreciation and amortization for:					
Land improvements	3,199,549	141,799	-	-	3,341,348
Buildings	27,320,605	1,035,190	(8,775)	-	28,347,020
Vehicles, machinery and equipment	11,532,590	987,157	(299,331)	-	12,220,416
Infrastructure	28,534,191	997,782	-	-	29,531,973
Total accumulated depreciation and amortization	<u>70,586,935</u>	<u>3,161,928</u>	<u>(308,106)</u>	<u>-</u>	<u>73,440,757</u>
Total capital assets, being depreciated, net	<u>80,478,930</u>	<u>(1,351,276)</u>	<u>2,374</u>	<u>909,495</u>	<u>80,039,523</u>
Governmental activities capital assets, net	<u>\$ 85,720,761</u>	<u>\$ (894,102)</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ 84,829,033</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS *(Continued)*

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 130,795
Public safety	710,833
Public works	1,218,730
Culture and recreation	164,106
Education	<u>937,464</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 3,161,928</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 22,805
	Capital Improvement Fund	<u>2,196</u>
		<u>25,001</u>
Nonmajor governmental funds	Nonmajor governmental funds	950
	General Fund	<u>1,489,348</u>
		<u>1,490,298</u>
Proprietary Fund:		
Internal Service Funds	General Fund	<u>297,662</u>
Total		<u><u>\$ 1,812,961</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The General Fund has advanced funds to the Farmingbury Hills Country Club Fund to temporarily subsidize operating deficits and to fund debt service payments. It is anticipated that the \$417,691 in amounts due to the General Fund from the Farmingbury Hills Country Club Fund will not be repaid within one year and, therefore, the balance due has been presented as an advance to/from other funds in the accompanying governmental funds balance sheet.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Improvement Fund	\$ 220,000
	Water Assessment Fund	390,235
	Nonmajor governmental funds	<u>62,739</u>
		<u>672,974</u>
Capital Improvement Fund	General Fund	<u>410,000</u>
Nonmajor governmental funds	General Fund	<u>69,475</u>
Total		<u><u>\$ 1,152,449</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2018:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities						
Bond anticipation notes	10/2017	2.00%	\$ 11,710,000	\$ -	\$ (11,710,000)	\$ -
Bond anticipation notes	11/2018	2.50%	-	7,000,000	-	7,000,000
			<u>\$ 11,710,000</u>	<u>\$ 7,000,000</u>	<u>\$ (11,710,000)</u>	<u>\$ 7,000,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued.

In October 2017, the Town issued \$11,300,000 of general obligation bonds, which were used to retire a portion of the \$11,710,000 in previously outstanding bond anticipation notes (*see Note 8*). The remaining portion of the bond anticipation notes outstanding in the amount of \$410,000 was retired by the Town.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Governmental Activities	Beginning Balance (As Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 24,670,000	\$ 13,930,000	\$ (5,805,000)	\$ 32,795,000	\$ 2,900,000
Unamortized premiums	1,722,671	749,478	(168,453)	2,303,696	-
Total bonds payable	26,392,671	14,679,478	(5,973,453)	35,098,696	2,900,000
Other liabilities:					
Notes payable	498,252	-	(162,776)	335,476	166,062
Capital lease obligations	1,340,475	216,086	(490,966)	1,065,595	345,708
Heart and Hypertension obligations	1,027,436	-	(48,284)	979,152	54,052
Compensated absences	2,593,450	276,546	(225,521)	2,644,475	495,127
Early retirement incentive	4,275	-	(1,425)	2,850	1,425
Net pension liabilities	12,381,422	-	(867,647)	11,513,775	-
Total OPEB liability	28,174,758	-	(2,224,176)	25,950,582	-
	<u>\$ 72,412,739</u>	<u>\$ 15,172,110</u>	<u>\$ (9,994,248)</u>	<u>\$ 77,590,601</u>	<u>\$ 3,962,374</u>

The above liabilities have typically been liquidated by the General Fund and transfers in from the Water Assessment Fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2018 is as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	03/2022	\$ 100,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	970,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	4,340,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	6,060,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	3,010,000
General Obligation Bonds	10/2016	4,590,000	2.0% - 5.0%	10/2033	4,385,000
General Obligation Bonds	10/2017	11,300,000	2.0% - 4.0%	10/2042	11,300,000
General Obligation Refunding Bonds	11/2017	2,630,000	4.0% - 5.0%	06/2030	2,630,000
					<u>\$ 32,795,000</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES *(Continued)*

General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2018:

Year ending June 30:	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
2019	\$ 2,900,000	\$ 1,315,265	\$ 4,215,265
2020	3,430,000	1,003,420	4,433,420
2021	3,000,000	868,743	3,868,743
2022	2,360,000	759,293	3,119,293
2023	1,720,000	673,944	2,393,944
2024-2028	7,825,000	2,353,790	10,178,790
2029-2033	6,175,000	1,250,131	7,425,131
2034-2038	3,035,000	547,838	3,582,838
2039-2043	2,350,000	182,418	2,532,418
	<u>\$ 32,795,000</u>	<u>\$ 8,954,842</u>	<u>\$ 41,749,842</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2018.

Refundings

On November 28, 2017, the Town issued \$2,630,000 in general obligation refunding bonds with an average interest rate of 4.52% to refund \$2,820,000 of outstanding 2010 general obligation bonds, with an average interest rate of 3.87%. The transaction generated a cash flow savings of \$132,560 and an economic gain (difference between the present values of the debt service payments of the old and the new bonds) of \$136,208.

The Town has also advanced refunded general obligation bonds in prior years. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred charges on refundings in the amount of \$1,359,259, including a deferred charge on refunding recognized in the current year of \$125,964. These amounts, net of accumulated amortization of \$796,672 have been presented as deferred outflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$80,824 for the year ended June 30, 2018.

The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent in an irrevocable escrow fund. The proceeds were used to buy a portfolio of non-callable direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES *(Continued)*

Notes Payable

The State of Connecticut Department of Energy and Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the City of Waterbury for sewage treatment plant upgrades under project CWF 201. Pursuant to the provisions of the Waterbury/Wolcott Intermunicipal Agreement regarding the sewage treatment plant upgrade project, the Town is responsible for \$3,089,815 of the total cost, representing 3.475% of the total project cost. The Town pays its proportionate share of the project cost directly to the State of Connecticut.

A summary of the Town's portion of the clean water notes payable outstanding at June 30, 2018 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	<u>\$ 335,476</u>

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2018:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 166,062	\$ 5,193	\$ 171,255
2020	169,414	1,840	171,254
	<u>\$ 335,476</u>	<u>\$ 7,033</u>	<u>\$ 342,509</u>

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 1,689,310
Less: accumulated amortization	228,055
	<u>\$ 1,461,255</u>

Amortization expense relative to leased property under capital leases totaled \$131,085 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 4.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES *(Continued)*

Capital Leases *(Continued)*

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

Year ending June 30:	Governmental Activities
2019	\$ 370,607
2020	270,297
2021	254,123
2022	134,179
2023	100,631
Total minimum lease payments	1,129,837
Less: amount representing interest	(64,242)
Present value of minimum lease payments	<u>\$ 1,065,595</u>

Heart and Hypertension Obligations

The Town's future obligations for heart and hypertension claims as of June 30, 2018 is estimated to be \$979,152. Currently, one spousal beneficiary receives weekly benefit payments that are subject to annual COLA adjustments. The total liability decreased due to current year payouts. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to one former employee. This amount consists of payments due to a retired individual for compensated absences and annuity payments and will be paid out in equal payments of \$1,425 annually through fiscal year 2020.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - FUND BALANCE

The various components of fund balance at June 30, 2018 are as follows:

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 18,616	\$ 18,616
Advances to other fund	417,691	-	-	-	-	417,691
Restricted for:						
Grant programs	-	-	-	-	206,619	206,619
Loan programs	-	-	-	69,101	-	69,101
Donor restrictions	-	-	-	-	107,993	107,993
Open space	-	-	-	-	40,540	40,540
Capital purposes	-	5,294,072	-	-	-	5,294,072
Committed to:						
General government	-	-	-	-	206,119	206,119
Public safety	-	-	-	-	108,265	108,265
Public works	-	-	-	-	24,073	24,073
Culture and recreation	-	-	-	-	157,349	157,349
Health and welfare	-	-	-	-	10,771	10,771
Education	-	-	-	-	499,799	499,799
Capital purposes	-	355,071	-	-	821	355,892
Water and sewer operations	-	-	-	-	1,952,530	1,952,530
Debt repayment	-	-	1,116,503	-	1,489,348	2,605,851
Assigned to:						
Education - encumbrances	214,749	-	-	-	-	214,749
Subsequent year's budget	300,000	-	-	-	-	300,000
Unassigned	5,028,211	(7,000,000)	-	-	(417,691)	(2,389,480)
	<u>\$ 5,960,651</u>	<u>\$ (1,350,857)</u>	<u>\$ 1,116,503</u>	<u>\$ 69,101</u>	<u>\$ 4,405,152</u>	<u>\$ 10,200,550</u>

Deficit Fund Balances

The following funds have deficit fund balances as of June 30, 2018, which do not constitute a violation of statutory provisions:

Fund	Amount
Capital Improvement Fund	\$ (1,350,857)
Farmingbury Hills Country Club Fund	(417,691)

The deficit in the Capital Improvement Fund is expected to be funded through the issuance of long-term debt. The deficit in the Farmingbury Hills Country Club Fund is expected to be funded through future revenue sources and/or transfers in from the General Fund.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Defined Benefit Plans

The Town maintains two single-employer, defined benefit pension plans: the *Town General Pension Plan* and the *Board of Education Pension Plan*. The Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Town General Pension Plan

Plan Description

Plan administration - The Town administers a single-employer, contributory defined benefit pension plan (the "Town Plan"). The Town Plan provides retirement and disability benefits for eligible employees. The Town Plan is administered by a Retirement Board composed of selected members.

Plan membership - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011. At January 1, 2017, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	58
Terminated members entitled to, but not yet receiving benefits	25
Active members	75
	<u>158</u>

Benefits provided - The Town Plan provides retirement and disability benefits. The normal retirement age for police officers is either 60 with 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement age for all other employees is 65. Normal retirement benefits consist of yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

For police officers, the benefit is based on 50% of final average earnings less 2.5% for each year of service if less than 20 years plus 2.5% of final earnings for years of service in excess of 25 years, with a maximum of 30 years of service. Final average salary is defined as average total earnings that are subject to Federal Income Taxes for the five consecutive calendar years in the last ten calendar years that gives the highest average.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Town General Pension Plan (Continued)

Plan Description (Continued)

Benefits provided (Continued) - For other employees, the benefit is based on 1.8% of final average salary times years of credited service, to a maximum of 30 years. For participants who contribute to the plan, the multiplier is 1.9%. Final average salary is defined as an average of gross wages for the three highest consecutive years out of the last 10 years of service.

Police officers are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. For all other employees, the early retirement age is 55 with 15 years of service. Normal pension benefits are reduced by appropriate plan factors for each month younger than normal retirement age.

Disability benefits are available for police officers based on non-service and service disability. Non-service disability includes 50% of salary at point of disability and is available for all police officers who are at least age 50 and have 10 years of services. Service disability for full-time officers who are disabled in the performance of their duties includes 50% of salary reduced by any other compensation from the Town. Payments continue if no employment is available upon the officer's maximum recovery. All other employees age 47 with 10 years of service are eligible for annuity payments calculated in accordance with normal retirement benefits.

Contributions - The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Police officers as of October 1, 1996 contribute 2% of W-2 wages. Any officers hired after October 1, 1996 contribute 5% of W-2 wages. Employee contributions are 1.5% for members of UPSEU Local 424, Unit 58 and Local 1303-63 of Council 4 AFSCME, AFL-CIO. All other employees are not required to make contributions to the Town Plan.

Summary of Significant Accounting Policies

Investments - Investments are reported at fair value, except for investments in participating interest earning investment contracts, recorded at amortized cost, and certain external investment pools, recorded at net asset value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The Town Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Concentrations - As of June 30, 2018, more than 10% of the Town Plan's investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of the Town Plan's Investments</u>
State Street Global Advisors Trust Company	SPDR S&P 500 ETF Trust	\$ 4,959,541	27%

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 32,289,163
Plan fiduciary net position	<u>21,959,664</u>
Town's net pension liability - Town Plan	<u><u>\$ 10,329,499</u></u>
Plan fiduciary net position as a percentage of the total pension liability	68.01%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2018, were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance as of June 30, 2017	\$ 30,868,074	\$ 20,255,877	\$ 10,612,197
Changes for the year:			
Service cost	634,477	-	634,477
Interest	2,225,628	-	2,225,628
Change of benefit terms	-	-	-
Changes of assumptions	-	-	-
Experience (gains) losses	-	-	-
Contributions - employer	-	1,399,948	(1,399,948)
Contributions - employee	-	103,928	(103,928)
Net investment income	-	1,668,453	(1,668,453)
Benefit payments, including refunds	(1,439,016)	(1,439,016)	-
Administrative expense	-	(29,526)	29,526
Net changes	<u>1,421,089</u>	<u>1,703,787</u>	<u>(282,698)</u>
Balance as of June 30, 2018	<u><u>\$ 32,289,163</u></u>	<u><u>\$ 21,959,664</u></u>	<u><u>\$ 10,329,499</u></u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Town General Pension Plan (Continued)

Net Pension Liability (Continued)

Actuarial assumptions - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	Varies from 0.00% to 9.34%
Investment rate of return, including inflation	7.25%
Discount rate	7.25%

The long-term expected rate of return on the Town Plan's 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 Town Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities - domestic	75%	6.40%
Core fixed income	16%	1.75%
High-yield fixed income	5%	4.30%
Cash	4%	1.10%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total pension liability of the Town Plan was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town 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 WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town General Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 7.25% as well as what the Town Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Town Plan's net pension liability as of June 30, 2018	\$ 14,439,612	\$ 10,329,499	\$ 7,051,572

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the Town recognized pension expense related to the Town Plan of \$1,082,768. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 653,060	\$ (685,419)
Changes of assumptions and demographics	800,887	(840,176)
Total	<u>\$ 1,453,947</u>	<u>\$ (1,525,595)</u>

Amounts reported as deferred outflows and inflows of resources related to the Town Plan will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 683,742	\$ (718,143)
2019	674,947	(482,531)
2020	95,258	(288,113)
2021	-	(36,808)
	<u>\$ 1,453,947</u>	<u>\$ (1,525,595)</u>

Payable to the Town Plan

The Town has reported a liability of \$104,128 payable to the Town Plan as of June 30, 2018 for the outstanding amount of contributions to the Town Plan required for the year ended June 30, 2018.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Board of Education Pension Plan

Plan Description

Plan administration - The Town's Board of Education administers a Retirement Plan for full-time employees of the Town of Wolcott Board of Education Pension Plan – a single-employer, contributory, defined benefit pension plan (the "Board of Education Plan"). The Plan provides retirement, disability, and survivorship benefits for eligible employees of the Board. The Plan is administered by a Retirement Board composed of selected members.

Plan membership - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 2016, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	81
Terminated members entitled to, but not yet receiving benefits	28
Active members	87
	<u>196</u>

Benefits provided - The Board of Education Plan provides retirement, disability, and death benefits. The normal retirement age for the custodial group is either 62 with 30 years of service, or age 65 with 5 years of service. The normal retirement age for the non-custodial group (secretaries, nurses and cafeteria workers) is 62 with 5 years of service. The normal retirement age for the business manager is 60 with 22 years of service. The secretarial group is fully vested after ten years of service and all other employees vest after five years of service, and are fully vested at that time. Normal retirement benefits consist of yearly annuity.

For all employees, the benefit is based on 50% of final average salary. Final average salary is defined as the highest five-year average within the last 10 years. The benefit is reduced by 1/20 for every year of service less than 20.

All participants are eligible for early retirement not more than ten years prior to normal retirement age with at least 15 years of service. Benefits include normal pension benefits reduced by applying actuarial reduction for each year earlier than normal retirement date. In addition, disability benefits are available for all participants. Disability benefits are available for employees at least 45 years of age with 8 years of completed service. Payments consist of the employees accrued benefit to date of the disability and are payable immediately.

Contributions - The contribution requirements are established and may be amended by the Board of Education Superintendent or his/her designee, subject to union contract negotiation. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Currently, the plan members do not contribute.

Summary of Significant Accounting Policies

Investments - Investments consist of synthetic group annuity contracts which are reported at contract value.

Investment policy - The Board of Education Plan's policy in regard to the allocation of invested assets is established and may be amended by the Superintendent and Board of Education. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Concentrations - The Board of Education Plan's investments consist solely of investments in group annuity contracts issued through John Hancock Life Insurance Company.

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 16,425,116
Plan fiduciary net position	15,240,840
Town's net pension liability	<u>\$ 1,184,276</u>
Plan fiduciary net position as a percentage of the total pension liability	92.8%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2018, were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance as of June 30, 2017	\$ 15,850,282	\$ 14,081,057	\$ 1,769,225
Changes for the year:			
Service cost	269,588	-	269,588
Interest	1,100,555	-	1,100,555
Contributions - employer	-	724,012	(724,012)
Net investment income	-	1,231,080	(1,231,080)
Benefit payments, including refunds	(795,309)	(795,309)	-
Net changes	<u>574,834</u>	<u>1,159,783</u>	<u>(584,949)</u>
Balance as of June 30, 2018	<u>\$ 16,425,116</u>	<u>\$ 15,240,840</u>	<u>\$ 1,184,276</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Board of Education Pension Plan (Continued)

Net Pension Liability (Continued)

Actuarial assumptions - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases, including inflation	3.50%
Investment rate of return, including inflation	7.00%
Discount rate	7.00%

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 as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60%	6.40%
Fixed Income	40%	1.75%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total Board of Education pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Board of Education contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Board of 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 WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Board of Education Pension Plan *(Continued)*

Net Pension Liability

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Board of Education Plan, calculated using the discount rate of 7.00% as well as what the Board of Education Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1- percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
BOE Plan's net pension liability as of June 30, 2018	\$ 2,900,799	\$ 1,184,276	\$ (267,197)

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the Town recognized pension expense related to the Board of Education Plan of \$544,071. At June 30, 2018, the Town reported deferred inflows of resources related to the Board of Education Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 292,567	\$ (893,739)
Changes of assumptions and demographics	278,203	(88,047)
Total	<u>\$ 570,770</u>	<u>\$ (981,786)</u>

Amounts reported as deferred outflows and inflows of resources related to the Board of Education Plan will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 428,195	\$ (369,646)
2020	142,575	(281,599)
2021	-	(281,599)
2022	-	(48,942)
	<u>\$ 570,770</u>	<u>\$ (981,786)</u>

Payable to the Board of Education Plan

The Town has reported a liability of \$91,499 payable to the Board of Education Plan as of June 30, 2018 for the outstanding amount of contributions to the plan required for the year ended June 30, 2018.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Money Purchase Defined Contribution Pension Plan

The Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and to reward such contributions by providing retirement benefits to eligible participants under this plan. The Trustee of the plan is VOYA Retirement Insurance and Annuity Company with the Town serving as the plan administrator. The plan operates on a calendar year. Employees who are 18 years of age and have 1,000 hours of service to the Town shall become participants under the plan. Employees who are eligible under the Town's defined benefit pension plan are excluded from participation in this plan. The Town contributes 6% of the employee's salary to the plan. Employees are obligated to make mandatory contributions of 3%, with a maximum of 10%, of aggregate compensation. Town and employee contributions for the year ended June 30, 2018 were \$64,955 and \$29,584, respectively. Employees are 100% vested in mandatory participant contributions. Participants vest in accordance with the following schedule in regards to Town contributions:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

In addition, participants become 100% vested in their Town contribution account upon retirement, death, or becoming totally and permanently disabled. Normal retirement age under the plan is 62.

Changes to the plan must be approved by resolution of the Town Council, except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements.

Tax Sheltered Annuity Defined Contribution Pension Plan

The Town's Board of Education established a tax-sheltered annuity plan, also known as a 403(b) Plan. The Wolcott Public Schools 403(b) Plan is a type of defined contribution plan that allows for eligible employees to contribute a portion of their salary to the plan. Participant contributions are solely allowed through salary reduction and are deferred on a pre-tax basis. Employer discretionary contributions are permitted under the plan. This amount is determined uniformly with respect to each employee classification within the applicable collective bargaining agreement, if applicable. Employer contributions for the year ended June 30, 2018 were \$23,744.

Changes to the plan must be approved by resolution of the Board of Education, except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

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 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. 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. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the 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 amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$4,104,873 or 0.405% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$6,334,055. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$54,759,330 or approximately 0.405% of the total collective net pension liability.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

Actuarial Assumptions

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

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

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

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

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 the State 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.

Long-Term Rate of Return

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.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	100%	

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$ 68,542,533	\$ 54,759,330	\$ 43,106,495

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Town and Board of Education Plan

Plan Description

The Town, in accordance with collective bargaining agreements, provides other post-employment benefits to certain eligible retirees, spouses and beneficiaries. The program is considered to be a single-employer defined benefit plan, which is administered by the Town. The other post-employment benefit plan (the "OPEB Plan") covers certain Town and Board of Education eligible retirees, spouses and beneficiaries. Benefit provisions are established through negotiations between the Town Council or the Board of Education and the union representing the employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Benefits Provided

The OPEB Plan provides for medical, prescription, dental and life insurance benefits to eligible retirees, spouses and beneficiaries. All retired program members receiving benefits are required to contribute to the program, except for Medicare retirees in the Town Hall/Dispatchers union hired prior to July 1, 2005 and retirees in the Custodian union hired prior to July 1, 2002. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various collective bargaining agreements. Fulltime employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

Town

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service;
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of age 50 with 25 years of service, or age 60 with 20 years of service, or age 65

Board of Education

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57 (the eligibility for teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a teacher assuming employment begins at an estimated age of 22, a teacher becomes eligible 35 years later, or age 57)

Employees Covered by Benefit Terms

As of July 1, 2016, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	194
Active participants	363
	<u>557</u>

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Total OPEB Liability

The Town's OPEB liability reported as of June 30, 2018 totaled \$25,950,582. The total OPEB liability was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Discount rate	3.58% as of July 1, 2017
	2.85% as of July 1, 2016
Healthcare cost trend rates:	
Pre-65 medical	6.50% decreasing by 0.50% per year, 5.00% ultimate rate
Post-65 medical	5.50% decreasing by 0.50% per year, 5.00% ultimate rate
Prescription drug	9.50% decreasing by 0.50% per year, 5.00% ultimate rate
Dental	4.00%

Actuarial Assumptions and Other Inputs (Continued) - The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2016.

Assumptions regarding participation and coverage election relating to benefits provided to Teachers and Board of Education Administrators are as follows:

- 50% of active Teachers and Board of Education Administrators are assumed to elect retiree coverage
- Of those who elect coverage, if hired before April 1, 1986, 50% of actives and pre-65 retirees are assumed to be on a non-Medicare eligible plan, 10% are assumed to elect a Medicare Supplement Plan, and 40% are assumed to elect coverage through the State of Connecticut State Teachers' Retirement System at age 65
- Of those who elect coverage, if hired after April 1, 1986, 20% of actives and pre-65 retirees are assumed to elect a Medicare Supplement Plan, and 80% are assumed to elect coverage through the State of Connecticut State Teachers' Retirement System at age 65

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2017	\$ 28,174,758
Changes for the year:	
Service cost	888,651
Interest	816,041
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(3,068,057)
Benefit payments	(860,811)
Net changes	(2,224,176)
Balance as of June 30, 2018	\$ 25,950,582

Changes of assumptions and other inputs primarily reflects a change in the discount rate from 2.85% utilized in the July 1, 2016 measurement to 3.58% utilized in the July 1, 2017 measurement.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 30,293,643	\$ 25,950,582	\$ 22,490,258

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB Liability	\$ 22,008,701	\$ 25,950,582	\$ 30,981,183

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,291,207. At June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following source:

	Deferred Inflows of Resources
Changes of assumptions	<u>\$ 2,654,572</u>

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

Year ended June 30,	
2019	\$ (413,485)
2020	(413,485)
2021	(413,485)
2022	(413,485)
2023	(413,485)
Thereafter	(587,147)
	<u>\$ (2,654,572)</u>

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

Benefit Provisions (Continued)

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).

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.

Contributions

Per CGS 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 TRB and appropriated by the General Assembly. The State pays for one third of plan costs through annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$80,795 or 0.41% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$653,207. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$14,094,431 or approximately 0.41% of the total collective net OPEB liability.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut State Teachers' Retirement System (Continued)

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 was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1.00% Decrease (2.56%)	Current Rate (3.56%)	1.00% Increase (4.56%)
Proportionate share of the net OPEB liability attributed to the Town	\$ 16,986,046	\$ 14,094,431	\$ 11,820,788

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the Town	\$ 11,604,802	\$ 14,094,431	\$ 17,446,412

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2018, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Liability-Automobile-Property Pool

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Self-Insurance

The Internal Service Fund was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$225,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2018. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - RISK MANAGEMENT *(Continued)*

Self-Insurance *(Continued)*

A summary of claims activity for the years ended June 30, 2017 and 2018 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2017	\$ 509,278	\$ 7,508,968	\$ 7,486,670	\$ 531,576
2018	531,576	8,422,036	8,318,888	634,724

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Financial Assistance

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

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2018 are included in assigned fund balance.

Legal and Other

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 38,548,256	\$ 40,440,232	\$ 40,836,545	\$ 396,313
Intergovernmental	15,010,963	13,136,315	12,979,773	(156,542)
Charges for services	54,100	54,100	29,138	(24,962)
Licenses and permits	371,700	371,700	414,353	42,653
Interest income	14,000	14,000	94,009	80,009
Other revenues	88,125	70,797	115,078	44,281
Total revenues	<u>54,087,144</u>	<u>54,087,144</u>	<u>54,468,896</u>	<u>381,752</u>
EXPENDITURES				
Current:				
General government	7,115,298	7,361,883	7,278,119	(83,764)
Public safety	6,066,115	5,962,473	5,865,916	(96,557)
Public works	1,941,585	1,862,585	1,666,771	(195,814)
Culture and recreation	646,055	614,055	587,488	(26,567)
Health and welfare	218,792	218,849	214,395	(4,454)
Education	34,129,851	34,129,851	34,126,974	(2,877)
Debt service:				
Principal payments	3,245,794	3,245,794	3,245,788	(6)
Interest and fiscal charges	986,627	954,627	954,450	(177)
Total expenditures	<u>54,350,117</u>	<u>54,350,117</u>	<u>53,939,901</u>	<u>(410,216)</u>
Excess (deficiency) of revenues over expenditures	(262,973)	(262,973)	528,995	791,968
OTHER FINANCING SOURCES (USES)				
Transfers in	672,973	672,973	672,974	1
Transfers out	(410,000)	(410,000)	(410,000)	-
Total other financing sources (uses)	<u>262,973</u>	<u>262,973</u>	<u>262,974</u>	<u>1</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,969</u>	<u>\$ 791,969</u>

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Current levy	\$ 37,801,756	\$ 39,693,732	\$ 39,856,366	\$ 162,634
Prior year levies	500,000	500,000	623,641	123,641
Interest and lien fees	240,000	240,000	350,093	110,093
Credit card collections	6,500	6,500	6,445	(55)
Total property taxes	38,548,256	40,440,232	40,836,545	396,313
INTERGOVERNMENTAL REVENUES				
Education equalization grant	13,224,243	11,645,463	11,663,926	18,463
School bonded projects - principal	598,818	598,818	598,818	-
School bonded projects - interest	67,366	67,366	67,366	-
Municipal aid adjustment grant	234,916	234,916	234,916	-
Elderly tax relief - circuit breaker	156,348	-	-	-
Municipal stabilization grant	-	220,992	220,992	-
Local capital improvements grant	228,958	209,878	28,384	(181,494)
Pequot grant	61,364	60,939	60,939	-
Medicare reimbursement	65,000	65,000	63,731	(1,269)
Veterans tax relief	17,328	17,328	23,698	6,370
Regional Water Authority - PILOT Program	9,360	9,360	10,125	765
Adult education	4,290	4,142	4,337	195
Totally disabled tax relief	2,113	2,113	2,541	428
Municipal revenue sharing	340,859	-	-	-
Total intergovernmental revenues	15,010,963	13,136,315	12,979,773	(156,542)
CHARGES FOR SERVICES				
Special education - tuition	20,000	20,000	372	(19,628)
Records money	650	650	988	338
Parks and recreation	17,000	17,000	12,991	(4,009)
Zoning board of appeals	1,000	1,000	750	(250)
Rainbow day camp fees	800	800	1,150	350
Solicitor and vendor permits	100	100	60	(40)
Inland wetlands permits	1,500	1,500	747	(753)
Outside activities	1,000	1,000	-	(1,000)
Parking tickets	50	50	80	30
In-kind services	12,000	12,000	12,000	-
Total charges for services	54,100	54,100	29,138	(24,962)

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
LICENSES AND PERMITS				
Town clerk	\$ 225,000	\$ 225,000	\$ 229,155	\$ 4,155
Planning and zoning	15,000	15,000	14,759	(241)
Building permits	100,000	100,000	118,540	18,540
Recycling permits	25,000	25,000	43,424	18,424
Blasting permits	500	500	145	(355)
Police department permits	6,200	6,200	8,330	2,130
Total licenses and permits	371,700	371,700	414,353	42,653
INTEREST INCOME	14,000	14,000	94,009	80,009
OTHER REVENUES				
Library fines	11,000	11,000	8,002	(2,998)
False alarm fines	550	550	700	150
Vital statistics	75	75	70	(5)
Telephone access grant	34,000	34,000	25,923	(8,077)
Agency collection fees	5,000	5,000	-	(5,000)
Pavilion	2,500	2,500	2,500	-
Unanticipated revenues	35,000	17,672	77,883	60,211
Total other revenues	88,125	70,797	115,078	44,281
OTHER FINANCING SOURCES				
Transfers in:				
Water Assessment Fund	390,235	390,235	390,235	-
Farmingbury Golf Course	62,738	62,738	62,739	1
Capital Improvement Fund	220,000	220,000	220,000	-
Total other financing sources	672,973	672,973	672,974	1
Total revenues and other financing sources	\$ 54,760,117	\$ 54,760,117	\$ 55,141,870	\$ 381,753

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
GENERAL GOVERNMENT				
Mayor's office	\$ 226,630	\$ 226,630	\$ 226,121	\$ (509)
Treasurer's office	134,476	134,476	131,395	(3,081)
Finance office	292,870	292,870	291,836	(1,034)
Town council	55,382	55,735	54,933	(802)
Town clerk	188,966	188,966	188,072	(894)
Tax collector	188,516	184,516	175,788	(8,728)
Assessor	250,350	238,350	224,047	(14,303)
Board of assessment appeals	4,758	4,758	3,109	(1,649)
Building inspector	74,078	74,078	69,745	(4,333)
Planning and zoning	98,241	98,241	96,148	(2,093)
Inland/Wetlands conservation	8,295	8,295	5,005	(3,290)
Industrial development	2,978	2,978	125	(2,853)
Zoning board of appeals	2,548	2,548	1,521	(1,027)
Registrar of voters	79,208	70,208	64,621	(5,587)
Other general government:				
Wages	270,645	301,313	285,504	(15,809)
Benefits and insurance	2,678,680	2,969,035	2,965,080	(3,955)
Refuse and recycling	1,679,000	1,613,479	1,612,522	(957)
Legal and consulting	174,680	174,680	173,260	(1,420)
Tri-Town Health District	143,139	144,221	144,221	-
Street lighting	49,625	45,234	44,642	(592)
Other	512,233	531,272	520,424	(10,848)
Total general government	<u>7,115,298</u>	<u>7,361,883</u>	<u>7,278,119</u>	<u>(83,764)</u>
PUBLIC SAFETY				
Police department	3,997,831	3,892,419	3,857,447	(34,972)
Public safety communications	438,460	433,460	412,622	(20,838)
Animal control officer	74,147	80,559	80,559	-
Public safety buildings	116,422	116,422	97,224	(19,198)
Fire department	657,421	657,421	650,164	(7,257)
Fire marshal	47,439	47,439	46,360	(1,079)
Civil preparedness	24,408	24,408	15,104	(9,304)
Emergency planning commission	31,408	31,408	27,805	(3,603)
Volunteer ambulance	678,579	678,937	678,631	(306)
Total public safety	<u>6,066,115</u>	<u>5,962,473</u>	<u>5,865,916</u>	<u>(96,557)</u>

(Continued)

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC WORKS				
Highways and streets	\$ 1,941,585	\$ 1,862,585	\$ 1,666,771	\$ (195,814)
CULTURE AND RECREATION				
Parks and recreation	187,565	187,565	178,026	(9,539)
Library	458,490	426,490	409,462	(17,028)
Total culture and recreation	646,055	614,055	587,488	(26,567)
HEALTH AND WELFARE				
Commission on aging	170,902	170,959	167,441	(3,518)
Commission for special needs	47,890	47,890	46,954	(936)
Total health and welfare	218,792	218,849	214,395	(4,454)
BOARD OF EDUCATION	34,129,851	34,129,851	34,126,974	(2,877)
DEBT SERVICE				
Principal	3,245,794	3,245,794	3,245,788	(6)
Interest	986,627	954,627	954,450	(177)
Total debt service	4,232,421	4,200,421	4,200,238	(183)
OTHER FINANCING USES				
Transfers out:				
Capital Improvement Fund	410,000	410,000	410,000	-
Total expenditures and other financing uses	\$ 54,760,117	\$ 54,760,117	\$ 54,349,901	\$ (410,216)

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Water Assessment Phase 5	\$ 15,000	\$ 15,000	\$ 23,072	\$ 8,072
Water Assessment Phase 6	15,000	15,000	15,538	538
Water Assessment Phase 7	350,000	350,000	166,819	(183,181)
Water Assessment Phase 8	10,000	10,000	5,770	(4,230)
Water Assessment Phase 9	235	235	-	(235)
Total revenues	<u>390,235</u>	<u>390,235</u>	<u>211,199</u>	<u>(179,036)</u>
OTHER FINANCING USES				
Transfer to GF - Clinton Hill Water Principal	(195,000)	(195,000)	(195,000)	-
Transfer to GF - Clinton Hill Water Interest	(57,360)	(57,360)	(57,360)	-
Transfer to GF - Water Bond Refunding 2010 - Principal	(22,875)	(22,875)	(22,875)	-
Transfer to GF - Water Bond Refunding 2010 - Interest	(115,000)	(115,000)	(115,000)	-
Total other financing uses	<u>(390,235)</u>	<u>(390,235)</u>	<u>(390,235)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (179,036)</u>	<u>\$ (179,036)</u>

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
TOWN GENERAL PENSION PLAN
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 634,477	\$ 612,282	\$ 745,140	\$ 745,140	\$ 774,852
Interest	2,225,628	2,291,920	2,104,216	1,974,211	1,888,726
Changes in benefit terms	-	140,289	-	-	-
Differences between expected and actual experience	-	(1,137,220)	-	(1,339,217)	-
Changes of assumptions	-	1,506,515	-	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,439,016)	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Net change in total pension liability	1,421,089	2,248,921	1,783,543	(319,367)	184,808
Total pension liability - beginning	30,868,074	28,619,153	26,835,610	27,154,977	26,970,169
Total pension liability - ending	32,289,163	30,868,074	28,619,153	26,835,610	27,154,977
Plan fiduciary net position					
Contributions - employer	1,399,948	1,345,461	1,158,500	1,058,150	1,025,000
Contributions - members	103,928	114,683	119,043	107,189	92,812
Net investment income	1,668,453	2,278,742	(182,181)	1,185,216	2,814,892
Benefit payments, including refunds	(1,439,016)	(1,164,865)	(1,065,813)	(1,024,906)	(981,367)
Administrative expense	(29,526)	(55,341)	(84,969)	(102,275)	(121,809)
Net change in plan fiduciary net position	1,703,787	2,518,680	(55,420)	1,223,374	2,829,528
Plan fiduciary net position - beginning	20,255,877	17,737,197	17,792,617	16,569,243	13,739,715
Plan fiduciary net position - ending	21,959,664	20,255,877	17,737,197	17,792,617	16,569,243
Town's net pension liability	\$ 10,329,499	\$ 10,612,197	\$ 10,881,956	\$ 9,042,993	\$ 10,585,734
Plan fiduciary net position as a percentage of total pension liability	68.01%	65.62%	61.98%	66.30%	61.02%
Covered employee payroll	\$ 5,513,671	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Town's net pension liability as a percentage of covered employee payroll	187.34%	192.47%	193.09%	160.46%	195.73%

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)
TOWN GENERAL PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,399,948	\$ 1,345,461	\$ 1,158,247	\$ 1,058,150	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	<u>1,399,948</u>	<u>1,345,461</u>	<u>1,158,500</u>	<u>1,058,150</u>	<u>1,025,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (253)</u>	<u>\$ -</u>	<u>\$ (2,633)</u>
Covered employee payroll	\$ 5,513,671	\$ 5,513,671	\$ 5,635,836	\$ 5,635,836	\$ 5,408,348
Contributions as a percentage of covered employee payroll	25.39%	24.40%	20.56%	18.78%	18.95%
Annual money-weighted rate of return, net of investment expense	8.16%	13.04%	-1.02%	7.18%	20.98%

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
BOARD OF EDUCATION PENSION PLAN
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 269,588	\$ 266,565	\$ 278,025	\$ 278,025	\$ 299,308
Interest	1,100,555	1,077,943	1,019,622	992,977	947,559
Differences between expected and actual experience	-	(367,559)	-	(684,393)	-
Changes of assumptions	-	1,161,385	-	508,697	353,104
Benefit payments, including refunds	(795,309)	(800,602)	(760,100)	(719,995)	(670,184)
Net change in total pension liability	574,834	1,337,732	537,547	375,311	929,787
Total pension liability - beginning	15,850,282	14,512,550	13,975,003	13,599,692	12,669,905
Total pension liability - ending	16,425,116	15,850,282	14,512,550	13,975,003	13,599,692
Plan fiduciary net position					
Contributions - employer	724,012	764,343	610,934	1,226,677	557,457
Net investment income	1,231,080	2,086,366	202,366	788,429	1,458,383
Benefit payments, including refunds	(795,309)	(800,602)	(760,100)	(719,995)	(670,184)
Administrative expense	-	(20,581)	(19,498)	(61,684)	(57,505)
Net change in plan fiduciary net position	1,159,783	2,029,526	33,702	1,233,427	1,288,151
Plan fiduciary net position - beginning	14,081,057	12,051,531	12,017,829	10,784,402	9,496,251
Plan fiduciary net position - ending	15,240,840	14,081,057	12,051,531	12,017,829	10,784,402
Town's net pension liability	\$ 1,184,276	\$ 1,769,225	\$ 2,461,019	\$ 1,957,174	\$ 2,815,290
Plan fiduciary net position as a percentage of total pension liability	92.79%	88.84%	83.04%	86.00%	79.30%
Covered employee payroll	\$ 2,721,990	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Town's net pension liability as a percentage of covered employee payroll	43.51%	65.00%	82.46%	65.58%	88.08%

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)
BOARD OF EDUCATION PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 673,012	\$ 640,013	\$ 642,343	\$ 642,343	\$ 570,934
Contributions in relation to the actuarially determined contribution	<u>727,092</u>	<u>764,343</u>	<u>610,934</u>	<u>655,743</u>	<u>544,934</u>
Contribution deficiency (excess)	<u>\$ (54,080)</u>	<u>\$ (124,330)</u>	<u>\$ 31,409</u>	<u>\$ (13,400)</u>	<u>\$ 26,000</u>
Covered employee payroll	\$ 2,721,990	\$ 2,721,990	\$ 2,984,471	\$ 2,984,471	\$ 3,196,222
Contributions as a percentage of covered employee payroll	26.71%	28.08%	20.47%	21.97%	17.05%
Annual money-weighted rate of return, net of investment expense	8.74%	16.84%	1.51%	7.18%	15.11%

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
(Rounded to nearest thousand)

	2018	2017	2016	2015
Proportion of the net pension liability attributed to the Town	0.406%	0.406%	0.425%	0.425%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	54,759,000	57,772,000	46,682,000	43,148,000
Total	<u>\$ 54,759,000</u>	<u>\$ 57,772,000</u>	<u>\$ 46,682,000</u>	<u>\$ 43,148,000</u>
Town's covered payroll	\$ 16,347,000	\$ 16,195,000	\$ 16,065,000	\$ 16,185,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (UNAUDITED)
OTHER POST-EMPLOYMENT BENEFITS PROGRAMS
LAST FISCAL YEAR

	2018
Total OPEB liability	
Service cost	\$ 888,651
Interest	816,041
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(3,068,057)
Benefit payments, including refunds	(860,811)
Net change in total OPEB liability	(2,224,176)
Total OPEB liability - beginning	28,174,758
Total OPEB liability - ending	<u>\$ 25,950,582</u>

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FISCAL YEAR
(Rounded to Nearest Thousand)

	2018
Proportion of the net pension liability attributed to the Town	0.406%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability attributed to the Town	14,094,000
Total	<u>\$ 14,094,000</u>
Town's covered payroll	\$ 16,347,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	1.79%

See accompanying notes to required supplementary information.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND AND WATER ASSESSMENT FUND

BUDGETARY INFORMATION

A legally adopted budget is authorized annually for the General Fund and the Water Assessment Fund, a major special revenue fund. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, including the Board of Education, submits to the Mayor a detailed estimate of the expenditures to be made and the revenues to be collected in the ensuing fiscal year. Estimates are required to be submitted to the Mayor at least 90 days before the end of the fiscal year.
- The Mayor presents the budgeted estimates of revenues and expenditures and justifications to the Town Council, no later than 90 days before the end of the fiscal year.
- Not less than 30 days before the beginning of the fiscal year, the Town Council holds a public hearing on the budget. The Town Council adopts the final budget before 20 days of the close of the fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. Intradepartmental transfers of any amount under \$100 can be made without Town Council approval. The Mayor may authorize additional appropriations up to \$20,000 on an individual basis and up to \$50,000 on a cumulative basis with the approval of the Town Council. Additional appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting. No additional appropriations were made during the year ended June 30, 2018.
- Formal budgetary integration is employed as a management control device during the year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital improvements and nonrecurring expenditures. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS - GENERAL FUND AND WATER ASSESSMENT FUND

BUDGETARY INFORMATION *(Continued)*

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 54,468,896	\$ 53,939,901	\$ 262,974	\$ 791,969
"On-behalf" payments - State Teachers Retirement Fund	4,185,668	4,185,668	-	-
Adjustment for encumbrances	-	32,900	-	(32,900)
Capital lease proceeds not recorded for budgetary purposes	-	119,739	119,739	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	748,477	748,477	-	-
Bond refunding	-	72,320	72,320	-
Certain transfers recorded as expenditures for budgetary purposes	-	(69,475)	(69,475)	-
GAAP basis	<u>\$ 59,403,041</u>	<u>\$ 59,029,530</u>	<u>\$ 385,558</u>	<u>\$ 759,069</u>

NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN GENERAL PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of January 1, 2017. The January 1, 2017 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN GENERAL PENSION PLAN *(Continued)*

Assumption Changes - The following assumption changes had a significant effect on the calculation of the Town's total pension liability calculated as June 30, 2017:

- The actuarial cost method was changed from projected unit credit to entry age normal
- The discount rate was lowered from 8.00% to 7.25%

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN GENERAL PENSION PLAN

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of January 1, 2017, prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial cost method :	Entry Age Actuarial Cost Method
Amortization method:	Amortization assuming 2.50% per year increase, closed
Remaining amortization period:	22 years remaining as of valuation date
Asset valuation method:	Market value
Inflation:	2.50%
Investment rate of return:	7.25%
Salary increases:	Varies 0.00% to 9.34%
Retirement age:	Age 65

Mortality rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant tables projected generationally with Scale MP-2016 for Healthy and on RP-2014 (adjusted back to 2006) Disabled Retiree table projected generationally with Scale MP-2016 for Disabled.

NOTE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - BOARD OF EDUCATION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of January 1, 2017. The January 1, 2017 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2018.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - BOARD OF EDUCATION PLAN *(Continued)*

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the calculation of the Town's total pension liability calculated as June 30, 2017:

- The actuarial cost method was changed from projected unit credit to entry age normal
- The discount rate was lowered from 7.50% to 7.00%

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - BOARD OF EDUCATION PLAN

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of September 1, prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level dollar amount, closed
Remaining amortization period:	18 years as of September 1, 2016
Asset valuation method:	Market value
Inflation:	2.00%
Investment rate of return:	7.00%
Salary increases:	3.50%
Retirement age:	Age 62 with 5 years of service for Non-Custodial Group Age 60 with 30 years of service or age 65 with 5 years of service for Custodial

Mortality rates were based on RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2016.

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

TOWN OF WOLCOTT, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM *(Continued)*

Benefit changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption changes - The following significant assumptions were changed in connection with the most recent valuation:

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

NOTE 7 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The Net OPEB Liability measured as of July 1, 2016 and July 1, 2017, were determined based upon the results of the actuarial valuation as of July 1, 2016, adjusted to the measurement date of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - The discount rate was increased from 2.85% as of July 1, 2016 to 3.58% as of July 1, 2017.

NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

Appendix B

Form of Legal Opinion of Bond Counsel and Tax Exemption

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APPENDIX B – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

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

Town of Wolcott, Connecticut
Town Hall
10 Kenea Avenue
Wolcott, Connecticut 06716

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Wolcott, Connecticut (the "Town") of its \$6,845,000 General Obligation Bonds, Issue of 2019, dated November 7, 2019, maturing November 15, 2020-2039 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of November 7, 2019, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

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

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

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

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross

income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

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

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax.

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

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

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

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

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

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Bonds, particularly those that may be subject to

special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

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

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

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

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

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

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

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or the market price of the Bonds.

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

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

ORIGINAL ISSUE PREMIUM.

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

* * * * *

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

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Appendix C

Form of Continuing Disclosure Agreement

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

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

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 7th day of November, 2019 by the Town of Wolcott, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$6,845,000 General Obligation Bonds, Issue of 2019 dated November 7, 2019 (the "Bonds") for the benefit of the beneficial owners from time to time of the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2019), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

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

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the Town per capita,
- G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2019. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

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

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

Section 3. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

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

For purposes of events (o) and (p) above, the term “financial obligation” is defined as 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 does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

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

The Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Identifying Information.

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

Section 8. Enforcement.

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Mayor receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Mayor is Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to

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

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

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

TOWN OF WOLCOTT, CONNECTICUT

By _____
Thomas G. Dunn
Mayor

By _____
Anthony J. Marino
Treasurer

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Appendix D

Notice of Sale

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NOTICE OF SALE

\$6,845,000

TOWN OF WOLCOTT, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2019 (BOOK-ENTRY-ONLY)

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System ("PARITY") will be received by the Town of Wolcott, Connecticut (the "Town") at the offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, until **11:30 A.M. (Eastern Time) on THURSDAY, OCTOBER 24, 2019**

for the purchase, when issued, of the whole of the Town's \$6,845,000 General Obligation Bonds, Issue of 2019, dated November 7, 2019, bearing interest payable semiannually on May 15 and November 15 in each year until maturity, commencing November 15, 2020, and maturing on November 15 in each year as follows:

\$345,000 in 2020 through 2028, both inclusive
\$340,000 in 2029 through 2039, both inclusive

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about November 7, 2019. The Bonds shall be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds maturing on or before November 15, 2027 are not subject to redemption prior to maturity. The Bonds maturing on November 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after November 15, 2027 at any time in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
November 15, 2027 and thereafter	100%

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$6,845,000 Bonds, or for less than par and accrued interest, will be considered.**

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to November 7, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY by **11:30 A.M. (Eastern Time), on THURSDAY, OCTOBER 24, 2019.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

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

to, arrangements with and submission of proposals via PARITY are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

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

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

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

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

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of October 24, 2019 (the "Sale Date").

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

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

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

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

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

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

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

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

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

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

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

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

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

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated October 16, 2019 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser 25 copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town’s Municipal

Advisor, Phoenix Advisors, LLC, to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Phoenix Advisors, LLC. will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated October 16, 2019. The Preliminary Official Statement may be accessed via the Internet at <https://munihub.com>. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement may be obtained from Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, telephone (203) 283-1110.

October 16, 2019

Thomas G. Dunn
Mayor

Anthony J. Marino
Treasurer

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Wolcott, Connecticut
\$6,845,000 General Obligation Bonds, Issue of 2019

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated October 16, 2019 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
11/15/2020	\$345,000	____%		\$ _____		\$ _____
11/15/2021	345,000	____%		\$ _____		\$ _____
11/15/2022	345,000	____%		\$ _____		\$ _____
11/15/2023	345,000	____%		\$ _____		\$ _____
11/15/2024	345,000	____%		\$ _____		\$ _____
11/15/2025	345,000	____%		\$ _____		\$ _____
11/15/2026	345,000	____%		\$ _____		\$ _____
11/15/2027	345,000	____%		\$ _____		\$ _____
11/15/2028	345,000	____%		\$ _____		\$ _____
11/15/2029	340,000	____%		\$ _____		\$ _____
11/15/2030	340,000	____%		\$ _____		\$ _____
11/15/2031	340,000	____%		\$ _____		\$ _____
11/15/2032	340,000	____%		\$ _____		\$ _____
11/15/2033	340,000	____%		\$ _____		\$ _____
11/15/2034	340,000	____%		\$ _____		\$ _____
11/15/2035	340,000	____%		\$ _____		\$ _____
11/15/2036	340,000	____%		\$ _____		\$ _____
11/15/2037	340,000	____%		\$ _____		\$ _____
11/15/2038	340,000	____%		\$ _____		\$ _____
11/15/2039	340,000	____%		\$ _____		\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

**[NAME OF UNDERWRITER/
REPRESENTATIVE]**

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. (ET) on October 25, 2019:

Bond Counsel: mritter@goodwin.com **Municipal Advisor:** bbernabe@muniadvisors.com

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