



January 7, 2020

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: TOWN OF GRISWOLD, CONNECTICUT
\$9,160,000 General Obligation Bond Anticipation Notes**

**Dated: January 28, 2020 Date of Sale: Tuesday, January 14, 2020
Due: October 20, 2020 Time of Sale: 11:30 A.M. (Eastern Time)**

*****Phone Number to Place Bid: (203) 283-1110*****

As per the Notice of Telephone Sale, proposals may be submitted by telephone on Tuesday, January 14, 2020. Please note that a representative of Phoenix Advisors, LLC will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(203) 283-1110 no later than 11:30 A.M. on Tuesday, January 14, 2020.**

The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.

The General Purpose Financial Statements have been excerpted from the Annual Financial Report of the Town of Griswold, Connecticut as of June 30, 2018. These excerpts are included in this package. Copies of the complete reports for June 30, 2018 are available upon request from Phoenix Advisors, LLC, Attention: Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 283-1110.

We trust we may be of service.

PHOENIX ADVISORS, LLC



BAN Sale Term Sheet

\$9,160,000

Town of Griswold, Connecticut General Obligation Bond Anticipation Notes

Date of Sale:	Tuesday, January 14, 2020 at 11:30 A.M. (Eastern Time).
Location of Sale:	Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone: (203) 283-1110
Issuer:	Town of Griswold, Connecticut (the "Town").
Issue:	\$9,160,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	January 28, 2020
Principal and Interest Due:	At maturity on October 20, 2020
Purpose:	The Notes are being issued to finance improvements to the senior center and to gas, water and sewer lines.
Denominations:	In minimum denominations of \$100,000 or multiples of \$1,000 in excess thereof.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	No application for a rating on this Note issue has been made to any credit rating agency. The Town has an outstanding bond rating of "AA" from Standard & Poor's.
Basis of Award:	Lowest Net Interest Cost (NIC), as of dated date.
Form of Legal Opinion and Tax Exemption:	See "Bond Counsel Opinion" in the Notice of Telephone Sale.
Bank Qualification:	The Notes <u>shall NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S Bank National Association of Hartford, Connecticut, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Option for No Book Entry:	A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See "Option for No Book Entry" in Notice of Sale.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone: (203) 283-1110, email: bbernabe@muniadvisors.com
Legal Opinion:	Joseph Fasi LLC, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about January 28, 2020. Delivery of the Notes will be made against payment in immediately available Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Julie Marcotte, Director of Finance, Town Hall, 28 Main St., Griswold, Connecticut 06351, telephone: (860) 376-7060 x2206.

NOTICE OF SALE
\$9,160,000
TOWN OF GRISWOLD, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES

The Town of Griswold, Connecticut (the "Issuer"), will receive **TELEPHONE PROPOSALS only** until:

11:30 A.M. (Eastern Time)
Tuesday, January 14, 2020

at the offices of **Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460**, for the purchase of:

\$9,160,000 TOWN OF GRISWOLD
GENERAL OBLIGATION BOND ANTICIPATION NOTES

Dated: January 28, 2020
Due: October 20, 2020

NOT BANK QUALIFIED

Proposals may be submitted to Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC as Agent for the Issuer, **at telephone no. (203) 283-1110**.

The Notes will be payable to the registered owner on the maturity date and are not subject to redemption prior to maturity. They will be issued in the minimum denomination of \$100,000 or whole multiples thereof, except one such note will include the odd \$160,000. **Denominations of less than \$100,000 will not be made available.** They will bear interest (which interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

Book-Entry/Denominations

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public, **unless the no book-entry option is requested.** See option for No Book-Entry below. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. The book-entry system will evidence ownership of the Notes in the minimum principal amounts of \$100,000, as described above, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on

the Notes will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Option For No Book-Entry

A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all of the Notes at the same interest rate, and the request is submitted with the bid. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes, and is a qualified public depository under Connecticut law. The Town reserves the right to decline any request to issue the Notes in non-book-entry form, or to designate the winning bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, they are non-transferable, and must be held to maturity by the winning bidder requesting the No Book-Entry option.

Submitting Proposals

Proposals for purchase may be submitted by telephone call only to the Issuer's Agent as previously set forth. In submitting a bid by telephonic means, the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound thereby and, further, such bidder accepts and understands the risk that its bid may not be received by the Issuer or may be received later than the time specified as the result of a failure in communications, including but not limited to a failure in telephonic communications, or the inability to reach the Agent by the time specified.

Proposals for the purchase of said Notes will be transcribed by the Agent onto the form of proposal for purchase attached hereto. A proposal may be for all or any part of the Notes but any proposal for a part must be for a minimum of \$100,000, of principal amount per interest rate bid, or a whole multiple thereof, except that one such proposal for a part may include the odd \$160,000, of principal amount per interest rate bid, and the total of all principal amounts bid shall not exceed \$9,160,000. No bid for less than par and accrued interest, if any, will be considered.

Unless all bids are rejected the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium

offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. The Issuer reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places.

Any bid received after the time specified, as determined in the sole discretion of the Issuer, will not be reviewed or honored by the Issuer.

Award

The Notes will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (Hartford time) on January 14, 2020. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Legal Opinion

The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidder or bidders will be furnished with their opinion without charge.

The Notes will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The legal opinion will further state that, under existing statutes and court decisions interest on the Notes (i) is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific preference item for purposes of the Federal alternative minimum tax.

Under existing statutes, the interest on the Notes is **excluded** from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory

Agreement entered into by the Issuer for the benefit of the owners of the Notes, and further, will assume continuing compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement.

No opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on, the **Notes** will be expressed.

See “Form of Opinion of Bond Counsel and Tax Matters” herein.

Issue Price Establishment and Certification

By submitting a bid each bidder agrees and is obligated to provide to the Issuer prior to closing an Issue Price Certificate in accordance with this Notice of Sale.

10% Sales Test or Hold-the-Offering-Price Rule to Apply if Competitive Sale Requirements are Not Satisfied

Summary: To establish issue price the Issuer expects the sale of the Notes to qualify under the competitive sale provisions of Treasury Regulation Section 1.148-1(f)(3)(i) and to establish the issue price pursuant to the competitive sale regulations.

In the event, in the opinion of Bond Counsel, the competitive sale regulations are not satisfied either the general rule of Treasury Regulation Section 1.148-1(f)(2) establishing the issue price as the first price at which 10% of each maturity is sold to the public (“General Rule”), or, the Hold-the-Offering-Price Rule, will apply. The winning bidder will communicate in writing to the Issuer the Issue Price Rule to be applied to the Notes before the close of business on the date of the sale. If no selection is made the Hold-the-Price Rule will apply.

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

If the no book-entry option is selected by the winning bidder, the issue price certificate will state that the winning bidder will hold the notes in its own portfolio without distribution to the public.

This Summary is qualified by the Terms of Issue Price Establishment and Certification of this Notice of Sale as follows:

Establishment of Issue Price: The winning bidder shall assist the Issuer in establishing the issue price of the Notes and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, in the form attached hereto as Notice of Sale Exhibits A-1, A-2 or A-3 (depending on the method of issue price determination).

All actions to be taken by the Issuer under this notice of sale to establish the issue price of the Notes may be taken on behalf of the Issuer by its Municipal Advisor. Any notice or report to be provided to the Issuer shall be provided to the Issuer's Bond Counsel.

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

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

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid, and by submitting a bid, a bidder is representing that it has an established industry reputation for underwriting new issuances of municipal bonds.

Failure to Meet Competitive Sale Requirements: In the event that the competitive sale regulations are not satisfied, the Issuer shall so advise the winning bidder. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that the Notes will be subject to either the 10% Rule or the Hold-the-Offering-Price Rule in order to establish the issue price of the Notes.

If the Competitive Sale Rule requests are not met, the winning bidder will notify the Municipal Advisor and Bond Counsel in writing before 5:00 P.M. (Hartford time) on the day of the award of the Issue Price Rule to be applied to each maturity of the Notes. Failure to do so will result in application of the Hold-the-Offering-Price Rule.

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

initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

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

No Book-Entry Issue Price Certification. In the event the no book-entry option is selected the issue price certificate will provide that the winner bidder will hold the Notes in its own portfolio without distribution to the public.

Documentation to Winning Bidders

In addition to Bond Counsel's opinion, the winning bidder or bidders will also be furnished with a Signature and No Litigation Certificate, and a Receipt of payment satisfactory in form to said firm.

Certifying/Paying Agent

The Notes will be certified by U.S. Bank National Association, unless the no book-entry option is chosen and the winning bidder elects pursuant to this Notice of Sale to be the Certifying Agent, Registrar and Paying Agent.

Bank Qualification

The Notes **shall NOT** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expenses allocable to the Notes.

Official Statement/Continuing Disclosure

The notes are being offered subject to the exemption of certain requirements under Rule 15c2-12, as amended, of the Securities and Exchange Commission. An Official Statement has not been prepared by or on behalf of the Issuer for this sale, nor does the Issuer intend to enter into a continuing disclosure agreement with respect to the notes.

Delivery and Payment

The Notes will be delivered to DTC or its Agent via "Fast" on or about January 28, 2020. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser. The Issuer's Municipal Advisor will apply for CUSIP numbers in accordance with MSRB Rule G-34. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the Issuer's Municipal Advisor to obtain such numbers and to supply them to the Issuer in a timely manner, the purchaser's failure to pay CUSIP charges or any other CUSIP assignment failure or delay.

If the no book-entry option is chosen the Notes will be delivered to the winning bidder, and a CUSIP number will not be required.

The purchase price must be paid in Federal Funds.

More Information

More information regarding this issue and the Issuer, and bid forms may be obtained from the undersigned or from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, (203) 283-1110.

Todd Babbitt
First Selectman

Linda Cote
Town Treasurer

January 7, 2020

(See attached for form of Proposal for Purchase)

PROPOSAL FOR NOTES
ONLY Telephone Proposals Accepted

January 14, 2020

Todd Babbitt, First Selectman
 Linda Cote, Town Treasurer
 Town of Griswold
 c/o Phoenix Advisors, LLC
 53 River Street, Suite 1
 Milford, Connecticut 06460

Ladies and Gentlemen:

Subject to the provisions of the Notice of Sale dated January 7, 2020, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of \$9,160,000 of Town of Griswold, Connecticut General Obligation Bond Anticipation Notes and to pay therefor par and accrued interest, if any, to the date of delivery, and pay the premium specified below, if any (and we provide our computations of net interest cost carried to four decimals and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal) as follows:

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

Principal amount	_____	_____ %
Stated interest rate	_____	Percent Net Interest Cost
Premium	_____	(Four Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of Notes in Federal Funds on the date of the Notes or as soon thereafter (but no later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Issuer.

 (Name of Bidder)

 (Mailing Address)

 (Telephone Number)

 (Authorized Signature)

 (Facsimile Number)

- We request that the Notes be issued in non-book-entry form, and be registered in the name of the bidder, as provided in the Notice of Sale.
- Only if submitting request that Notes not be issued in book-entry form:** We request to be designated as the Certifying Agent, Registrar and Paying Agent for the Notes, as provided in the Notice of Sale.

NOTICE OF SALE EXHIBIT A-1

COMPETITIVE SALE ISSUE PRICE CERTIFICATE

\$9,160,000 TOWN OF GRISWOLD, CONNECTICUT GENERAL OBLIGATION BOND ANTICIPATION NOTES

Delivery Date: January 28, 2020
Single Maturity Date: October 20, 2020

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([SHORT NAME OF UNDERWRITER]) [the “Representative”], on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), as Purchaser of the Notes, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”).

1. **Reasonably Expected Initial Offering Price.** (a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”) attached hereto. The Expected Offering Prices are the prices for the Notes used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Notes. (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid. (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Notes in accordance with the specified written terms contained in the Notice of Sale published by the Issuer.

2. [SHORT NAME OF UNDERWRITER] believes it has an established industry reputation for underwriting new issuances of municipal notes.

3. **Defined Terms.** (a) *Maturity* means the Notes which all have the same maturity date and credit and payment terms. Notes with different stated interest rates are treated as separate Maturities. (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is Tuesday, January 14, 2020. (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate, including the Underwriter Group Members) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Joseph Fasi LLC, Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Title: _____

Dated: January 14, 2020

SCHEDULE A EXPECTED OFFERING PRICES *(To Be Attached)*

SCHEDULE B COPY OF UNDERWRITER'S BID *(To Be Attached)*

NOTICE OF SALE EXHIBIT A-2

**AT LEAST 10% OF EACH MATURITY
ACTUALLY SOLD AT A SINGLE PRICE
ISSUE PRICE CERTIFICATE**

**\$9,160,000 TOWN OF GRISWOLD, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES**

**Delivery Date: January 28, 2020
Single Maturity Date: October 20, 2020**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([SHORT NAME OF UNDERWRITER]) [the “Representative”], on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

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

2. ***Defined Terms.***

(a) ***Issuer*** means TOWN OF GRISWOLD, CONNECTICUT.

(b) ***Maturity*** means the Notes which all have the same maturity date and credit and payment terms. Notes with different interest rates are treated as separate Maturities.

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

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM] [the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The

undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by JOSEPH FASI LLC, Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Title: _____

Dated: January 14, 2020

SCHEDULE A SALE PRICES *(To Be Attached)*

PRICING WIRE *(To Be Attached)*

TAX MATTERS

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

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

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

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

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

FUTURE EVENTS

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

JOSEPH FASI LLC

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HARTFORD, CONNECTICUT 06106

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

TELEPHONE (860)296-0510
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FORM OF OPINION OF BOND COUNSEL

Town of Griswold
Griswold, Connecticut

Ladies and Gentlemen:

We have represented the Town of Griswold, Connecticut as bond counsel with respect to the issuance and sale of \$9,160,000 Town of Griswold, Connecticut General Obligation Bond Anticipation Notes, bearing a Dated Date and an Original Issue Date of January 28, 2020, maturing October 20, 2020 (the "notes").

We have examined a record of the proceedings authorizing the notes, a Tax Regulatory Agreement of the Town dated January 28, 2020 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

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

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

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

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

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

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

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

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

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

Respectfully yours,

JOSEPH FASI LLC

TOWN OF GRISWOLD, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Annual Financial Statements of
The Town of Griswold, Connecticut
Year Ended June 30, 2018

Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

**Board of Finance
Town of Griswold, Connecticut**

Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The trend information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
February 27, 2019

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

As management of the Town of Griswold, Connecticut ("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

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB). GASB 75 requires that the OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the OPEB liability of \$2,405,123 and to remove the net OPEB obligation previously recorded of \$1,400,967. The current year OPEB expense was \$133,090 and the OPEB liability at year end was \$2,538,213.
- On a government-wide basis, the Town's total net position decreased by \$1,924,664 for the fiscal year. The main reasons for the decrease is the net accounting basis difference of capital asset and debt activity of (\$1,591,120) and expenses related to termination benefit and pension and OPEB expenses totaling \$466,557.
- The Town's combined net position totals \$89,616,348. Of this amount, \$1,081,392 is available (unrestricted) to finance ongoing programs.
- The unassigned fund balance in the General Fund was \$3,763,949 or 11.11% of total General Fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

Government-Wide Financial Statements

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

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

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

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, human services, civic and cultural, development and planning, sundry, and education.

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 two categories: governmental funds and fiduciary funds.

Governmental funds

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

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 and Capital Projects Fund, 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 on Schedules 2 and 3.

Fiduciary funds

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

Notes to financial statements

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

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparison information and the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. The Town adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparison information and pensions and other post-employment benefits.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$89,616,348 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (98.48%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position.

**Summary Statement of Net Position
For the Years Ended June 30, 2018 and 2017**

	2018	2017
Current and othe assets	\$ 7,617,559	\$ 8,003,606
Capital assets (net)	103,427,649	105,924,367
Total assets	111,045,208	113,927,973
Deferred outflows of resources	2,198,249	3,227,538
Other liabilities outstanding	675,817	797,132
Long-term liabilities outstanding	22,951,292	24,817,367
Total liabilities	23,627,109	25,614,499
Net position:		
Net investment in capital assets	88,256,130	89,531,558
Restricted	278,826	693,389
Unrestricted	1,081,392	1,316,065
Total net position	\$ 89,616,348	\$ 91,541,012

The unrestricted net position decreased by \$234,673 to a total of \$1,081,392. This portion of the net position is what may be used to meet the Town's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,213,027	\$ 3,092,665
Operating grants and contributions	18,250,759	20,293,663
Capital grants and contributions	39,254	20,221
General revenues:		
Property taxes	20,000,286	19,464,666
Grants and contributions not restricted to specific programs	160,448	115,805
Income from investments	<u>55,392</u>	<u>35,161</u>
Total revenues	<u>41,719,166</u>	<u>43,022,181</u>
Expenses:		
General government	2,184,508	2,045,964
Public safety	599,697	541,286
Public works	2,073,267	1,946,696
Human services	407,444	372,287
Civic and cultural	335,222	302,093
Development and planning	176,864	215,522
Sundry	12,585	8,044
Education	37,437,834	36,032,476
Interest expense	<u>416,409</u>	<u>581,457</u>
Total expenses	<u>43,643,830</u>	<u>42,045,825</u>
Change in net position	(1,924,664)	976,356
Net position - July 1 (as restated)	91,541,012	91,561,844
Restatements:		
OPEB liability	-	(1,004,156)
Other (see Note IV G)	-	6,968
Ending net position	<u>\$ 89,616,348</u>	<u>\$ 91,541,012</u>

Property taxes comprise 47.94% of revenues, followed by operating grants and contributions at 43.75%, and charges for services at 7.70%.

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Significant revenue related changes are as follows:

- Property taxes increased by \$535,620 primarily due to the increase in the budget and the amount funded with property taxes and the related increase in interest and lien fee amounts. The mil rate increased from 27.06 to 27.61.
- Operating grants and contributions decreased by \$2,042,904 substantially due a decrease in education cost sharing and excess cost grants of \$1,683,428, as well as decreases in STEAP and containment removal funding of \$397,490, offset by an increase in the amount of on-behalf payments recorded for Connecticut State Teachers' pension and OPEB of \$517,184. The OPEB amount of \$491,693 was recorded for the first time this fiscal year as required by GASB 75.

With respect to expenses, 85.78% of the Town's expenses relates to education, followed by 5.01% to general government, 4.75% to general government, 1.37% to public safety, 0.93% to human services, and 0.77% to civic and cultural.

- Education expenses increased by \$1,405,358 due to an increase the annual budget of \$934,467, and State Teachers' pension and OPEB plan on-behalf payments as compared to the prior year of \$517,184.

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 expendable 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.

The Town reports fund balance in five categories. The following are the categories and definitions:

- Nonspendable fund balance – legally or contractually required to be maintained intact.
- Restricted fund balance - limitations imposed by external parties, grantors or by legislation.
- Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.
- Assigned fund balance - amounts that are intended for a specific purpose but do not meet the definition of restricted or committed (i.e., designated for subsequent year's budget).
- Unassigned fund balance - amounts available for any purpose or for funds that have a deficit fund balance.

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,988,166, a decrease of \$333,544 in comparison with the prior year. \$3,616,225 of this total amount constitutes unassigned fund balance.

The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending due to the following:

1. Nonspendable for endowments (\$18,000).
2. Restricted due to grant restrictions or legal requirements (\$260,826).
3. Committed for capital projects (\$1,404,569).
4. Assigned for encumbrances and other specific purposes (\$688,546).

General Fund. The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,763,949, while total fund balance was \$3,949,098. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.11% of total General Fund expenditures and transfers out, while total fund balance represents 11.66% of that same amount.

During the current fiscal year, the fund balance of the Town's General Fund decreased by \$912,635. The decrease was substantially attributable to various State grants coming in less than anticipated by \$2,494,227 (including Education Cost Sharing and Excess Costs grants of \$2,886,168) offset by spending savings of \$1,606,538 which mostly related to exchanges (contingency) and teacher's retirement budget lines.

Capital Projects Fund. This fund accounts for financial resources to be used for various capital projects. The primary source of funding is an annual appropriation from the general fund. The capital project fund's revenues and transfers exceeded its expenditures by \$790,652 as a result of timing of funding and capital purchases.

General Fund Budgetary Highlights

Significant budget transfers were as follows:

- Increase of \$31,826 to snow removal – sand/salt was primarily due to higher than expected snow materials and supplies costs and overtime costs.
- Decrease of \$34,542 to director of public works as result of the position being vacant for approximately half the year.

Significant budget variances were as follows:

- Highway department – contractual road repairs were \$60,000 under budget due to a spending freeze the Town implemented when the State decreased their budgeted payments to the Town.
- Sundry – exchanges is \$897,516 under budget. The Town included a \$940,000 contingency in the budget due to the uncertainty of the State's budget. Only \$42,484 of this contingency was needed.

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

- Sundry – teachers' retirement is \$424,472 under budget. This was budgeted to cover the portion of the teachers' retirement that the State had initially included in their budget for municipalities to pay. This portion of the State's budget wasn't passed and therefore the Town was not required to make the payment.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets amounts to \$103,427,649 (net of accumulated depreciation). This investment in capital assets is as follows:

**Capital Assets
(Net of Accumulated Depreciation)**

	2018	2017
Land	\$ 1,214,383	\$ 1,299,583
Construction in progress	178,153	249,766
Buildings and improvements	77,155,443	79,354,729
Machinery and equipment	2,578,800	2,725,069
Infrastructure	22,300,870	22,295,220
Total	\$ 103,427,649	\$ 105,924,367

The capital assets (net of depreciation) decreased in the current year by \$2,496,718. The decrease is due to depreciation expense exceeding capital additions. In the current year, the Town had capital asset additions totaling \$823,379. Major capital asset additions consisted of the following:

- Senior center expansion – construction in progress of \$141,792
- Brewster road improvements of \$488,071
- Various Town vehicles of \$193,169

Additional information on the Town's capital assets can be found in Note 3C.

**Town of Griswold, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$13,745,000. All debt is backed by the full faith and credit of the Town.

**Outstanding Debt
Long - Term Obligations**

	<u>2018</u>	<u>2017</u>
General obligation bonds	<u>\$ 13,745,000</u>	<u>\$ 14,670,000</u>

During the current fiscal year, the Town's total bonded debt decreased by \$925,000. The decrease was due to scheduled principle payments on outstanding bonded debt.

The Town maintains an "AA" credit rating from Standard and Poor's and Fitch for general obligation debt.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$141,469,160, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 3D.

Economic Factors and Next Year's Budgets and Rates

As of June 2018, the unemployment rate for the Town was at 4.7%, which is comparable to the State's average unemployment rate of 4.5% and national average of 4.0%.

Inflationary trends in the region compare favorably to national indices.

The level of State funding continues to be of concern as it has been reduced in the past two fiscal years.

All of these factors were considered in preparing the Town's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at the Town of Griswold, 28 Main Street, Jewett City, CT 06351.

Basic Financial Statements

Town of Griswold, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2018**ASSETS**

Cash	\$ 2,310,545
Restricted cash	58,286
Investments	3,608,724
Restricted investments	89,411
Receivables (net)	
Property taxes	1,048,195
Accounts	83,494
Intergovernmental	386,936
Other	1,776
Other	30,192
Capital assets	
Nondepreciable	1,392,535
Depreciable, net of accumulated depreciation	<u>102,035,114</u>
Total Assets	<u>111,045,208</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	1,169,143
Deferred charge on refunding bonds	<u>1,029,106</u>
Total Deferred Outflows of Resources	<u>2,198,249</u>

LIABILITIES

Accounts payable	288,190
Accrued payroll and related	46,409
Accrued interest payable	166,369
Performance bonds	129,697
Unearned revenues	45,152
Noncurrent liabilities	
Due within one year	1,259,261
Due in more than one year	<u>21,692,031</u>
Total Liabilities	<u>23,627,109</u>

NET POSITION

Net investment in capital assets	88,256,130
Restricted	
Nonexpendable - Endowment	18,000
Cemetery	6,972
General government	47,062
Public works	3,469
Sewer authority	39,222
Recreation	16,201
Education	144,761
Human services	3,139
Unrestricted	<u>1,081,392</u>
Total Net Position	<u>\$ 89,616,348</u>

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

Town of Griswold, Connecticut

Statement of Activities
Governmental Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,184,508	\$ 274,546	\$ 623,200	\$ 5,000	\$ (1,281,762)
Public safety	599,697	-	-	-	(599,697)
Public works	2,073,267	292,560	285,263	34,254	(1,461,190)
Human services	407,444	-	4,197	-	(403,247)
Civic and cultural	335,222	156,852	45,727	-	(132,643)
Development and planning	176,864	166,066	-	-	(10,798)
Sundry	12,585	-	-	-	(12,585)
Education	37,437,834	2,323,003	17,292,372	-	(17,822,459)
Interest expense	416,409	-	-	-	(416,409)
Total	<u>43,643,830</u>	<u>3,213,027</u>	<u>18,250,759</u>	<u>39,254</u>	<u>(22,140,790)</u>
General Revenues					
Property taxes	20,000,286				
Grants and contributions not restricted to specific programs	160,448				
Income from investments	55,392				
Total General Revenues	<u>20,216,126</u>				
Change in Net Position					
Net Position - Beginning of Year (as restated)	<u>91,541,012</u>				
Net Position - End of Year	<u>\$ 89,616,348</u>				

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

Town of Griswold, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 2,259,907	\$ 25	\$ 50,613	\$ 2,310,545
Restricted cash	40,286	-	18,000	58,286
Investments	3,602,701	-	6,023	3,608,724
Restricted investments	89,411	-	-	89,411
Receivables (net)				
Property taxes	1,048,195	-	-	1,048,195
Accounts	74,931	3,000	5,563	83,494
Intergovernmental	1,190	-	214,892	216,082
Other	-	-	1,776	1,776
Due from other funds	216,969	1,084,835	966,891	2,268,695
Other	5,172	-	25,020	30,192
Total Assets	<u>\$ 7,338,762</u>	<u>\$ 1,087,860</u>	<u>\$ 1,288,778</u>	<u>\$ 9,715,400</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 221,451	\$ 1,100	\$ 65,639	\$ 288,190
Accrued payroll and related	37,699	-	8,710	46,409
Performance bonds	129,697	-	-	129,697
Due to other funds	2,051,726	-	216,969	2,268,695
Unearned revenues	-	-	45,152	45,152
Total Liabilities	<u>2,440,573</u>	<u>1,100</u>	<u>336,470</u>	<u>2,778,143</u>
Deferred Inflows of Resources				
Revenues not available - Property taxes	<u>949,091</u>	<u>-</u>	<u>-</u>	<u>949,091</u>
Fund Balances				
Nonspendable	-	-	18,000	18,000
Restricted	-	-	260,826	260,826
Committed	-	1,086,760	317,809	1,404,569
Assigned	185,149	-	503,397	688,546
Unassigned	3,763,949	-	(147,724)	3,616,225
Total Fund Balances	<u>3,949,098</u>	<u>1,086,760</u>	<u>952,308</u>	<u>5,988,166</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,338,762</u>	<u>\$ 1,087,860</u>	<u>\$ 1,288,778</u>	<u>\$ 9,715,400</u>

(Continued)

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

Town of Griswold, Connecticut

Reconciliation of Fund Balance to Net Position
June 30, 2018

Total Fund Balance (Exhibit C, Page 1)	\$ 5,988,166
Amounts Reported in the Statement of Net Position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	103,427,649
Other long-term assets and deferred outflows of resources are not available resources and therefore, are not reported in the funds.	
Property taxes	949,091
Intergovernmental receivables	170,854
Deferred outflows on pensions	1,169,143
Deferred outflow on advance refunding	1,029,106
Some liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest payable	(166,369)
General obligation bonds	(13,745,000)
Bond premium	(2,034,197)
Capital leases	(421,428)
Compensated absences	(382,936)
Termination benefits	(160,000)
Net pension liability	(3,669,518)
OPEB liability	<u>(2,538,213)</u>
Net Position	<u>\$ 89,616,348</u> (Concluded)

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

Town of Griswold, Connecticut

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

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 19,997,190	\$ -	\$ -	\$ 19,997,190
Intergovernmental	15,511,614	-	2,733,215	18,244,829
Charges for services	2,683,203	10,281	647,437	3,340,921
Income from investments	55,086	-	306	55,392
Contributions	5,418	3,000	36,947	45,365
Total Revenues	<u>38,252,511</u>	<u>13,281</u>	<u>3,417,905</u>	<u>41,683,697</u>
EXPENDITURES				
Current Expenditures				
General government	1,810,644	-	17,449	1,828,093
Public safety	451,260	-	-	451,260
Public works	1,362,441	-	439,299	1,801,740
Human services	390,467	-	23,214	413,681
Civic and cultural	174,495	-	152,640	327,135
Development and planning	168,726	-	3,810	172,536
Sundry	12,585	-	-	12,585
Education	32,179,593	-	2,880,971	35,060,564
Debt Service				
Principal	1,057,039	-	-	1,057,039
Interest	614,003	-	-	614,003
Capital Outlay	-	44,327	234,278	278,605
Total Expenditures	<u>38,221,253</u>	<u>44,327</u>	<u>3,751,661</u>	<u>42,017,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>31,258</u>	<u>(31,046)</u>	<u>(333,756)</u>	<u>(333,544)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,039	824,725	161,237	1,007,001
Transfers out	(964,932)	(3,027)	(39,042)	(1,007,001)
Net Other Financing Sources (Uses)	<u>(943,893)</u>	<u>821,698</u>	<u>122,195</u>	<u>-</u>
Net Change in Fund Balance	(912,635)	790,652	(211,561)	(333,544)
Fund Balances - Beginning of Year (as restated)	<u>4,861,733</u>	<u>296,108</u>	<u>1,163,869</u>	<u>6,321,710</u>
Fund Balances - End of Year	<u>\$ 3,949,098</u>	<u>\$ 1,086,760</u>	<u>\$ 952,308</u>	<u>\$ 5,988,166</u>

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

Town of Griswold, 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

Amounts Reported in the Statement of Activities are different because

Net Change in Fund Balances (Exhibit D) \$ (333,544)

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

Capital outlay	609,626
Depreciation expense	(2,913,277)
Disposal of capital assets	<u>(193,067)</u>
Total	<u>(2,496,718)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in property taxes	3,096
Change in intergovernmental revenues	<u>32,373</u>
Total	<u>35,469</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments:

General obligation bonds	925,000
Capital leases	132,039
Premium amortization	<u>332,425</u>
Total	<u>1,389,464</u>

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

Accrued interest	(134,831)
Compensated absences	82,053
Termination benefits payable	(160,000)
OPEB liability	(133,090)
Pension liability and related deferred inflows and outflows	<u>(173,467)</u>
Total	<u>(519,335)</u>

Change in Net Position (Exhibit B) \$ (1,924,664)

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

Town of Griswold, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash	\$ 192,095	\$ 232,595
NET POSITION		
Restricted for individuals and organizations	<u>\$ 192,095</u>	<u>\$ 232,595</u>

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

Town of Griswold, Connecticut

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2018

	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Private contributions	\$ 112,662	\$ -
Charges for services	-	363,762
Investment Income	<u>300</u>	<u>-</u>
Total Additions	<u>112,962</u>	<u>363,762</u>
DEDUCTIONS		
Benefits	186,928	-
Activities and events	<u>-</u>	<u>358,290</u>
Total Deductions	<u>186,928</u>	<u>358,290</u>
Change in Net Position	(73,966)	5,472
Net Position - July 1, 2017 (as restated)	<u>266,061</u>	<u>227,123</u>
Net Position - June 30, 2018	<u>\$ 192,095</u>	<u>\$ 232,595</u>

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

Town of Griswold, Connecticut

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

History and Organization

The Town of Griswold, Connecticut (“Town”) is a municipal corporation incorporated in 1815. The Town covers 37 square miles located in Southeastern Connecticut. The Town is governed by a Selectmen–Town Meeting form of government. Under this form of government, the Town Meeting is the legislative body. A Town Meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the Town financial matters.

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B)) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions covered. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues.

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)**C. Fund Financial Statements**

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements.

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

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

The Town reports the following major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and general fund appropriations.

Fiduciary Funds (Not included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Private-Purpose Trust and Custodial funds.

The Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital. The Custodial Funds account for monies held on behalf of students.

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**Deposits, Investments and Risk Disclosure**

Cash - Cash consists of funds deposited in demand deposit accounts and cash on hand.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

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

The short-term investment fund ("STIF") is a money market investment pool managed by the cash management division of the State Treasurer's Office. Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools.

The Town follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs, which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town's investment policy's guideline to limit interest rate risk is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in shorter-term securities. Generally, the Town does not invest in any long-term investment obligations.

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

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town's credit risk policy is to limit investments to the safest types of securities, pre-qualify the financial institutions, and to diversify the investment portfolio.

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

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

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged.

In the fund financial statements, property taxes receivables which have not been collected within 60 days of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue. Allowances of \$61,000 have been recorded.

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

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of year end, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Restricted Assets - The restricted assets for the Town are restricted for performance bonds and limited use permanent funds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. Restricted cash in the Anthony Trust fund is to be used to provide aid for local families in need.

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

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

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

Land is considered inexhaustible and, therefore, not depreciated. All land is capitalized. Construction in progress has not been put into service yet and, therefore, is not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 5,000
Construction in progress	N/A	5,000
Buildings and improvements	20-50	5,000
Machinery and equipment	5-25	5,000
Infrastructure	30-50	5,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows/inflows of resources related to pensions and OPEB for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings of the plan investments. The deferred outflow/inflow related to the differences between expected and actual experience and the change in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow/inflow related to the net difference between projected and actual earnings of the plan investments will be amortized over a five-year period.

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

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

Also, deferred inflows of resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

Compensated Absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Early Termination Benefits - Termination benefits represent the present value of future benefits to be paid to former employees. Certain Board of Education employees were granted retirement awards based on years of service and other provisions in their contracts.

Net Position - Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

In order to calculate the amount to be reported as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

In order to calculate the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

Town of Griswold, Connecticut

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

1. Summary of Significant Accounting Policies (Continued)

Fund Balance Policy - It is the Town's policy to maintain an unassigned fund balance no less than 8.5% of the Town's general fund budget and no greater than 17.0%. Once the Town achieves its goal of an appropriate level of unassigned fund balance, any excess funds may be utilized for other municipal fiscal purposes, such as additional capital improvement needs, debt reduction and emergency situations.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Reclassification

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

2. Stewardship, Compliance and Accountability**A. Budget Basis and Budgetary Accounting**

A formal, legally approved, annual budget is adopted for the General Fund only.

- The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.
- The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

Town of Griswold, Connecticut

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

2. Stewardship, Compliance and Accountability (Continued)

- The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list that will be sufficient to cover, together with other revenue, the amounts appropriated.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may transfer unexpended balances between departments. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. There were no additional appropriations during the year.

B. Capital project authorizations

The following is a summary of certain capital projects:

	Beginning Unexpended Appropriation	Current Year Transfers In	Current Year Expenditures	Project Transfers	Transfers In/Out	Other Income	Ending Unexpended Appropriation
Capital Projects Fund							
Committed Fund Balance							
Highway Capital Equipment	\$ 26,425	\$ -	\$ (3,200)	\$ -	\$ -	\$ -	\$ 23,225
General Roads Project	5,856	516,525	(9,873)	-	-	10,281	522,789
Bridges Restoration Project	61,755	308,200	-	-	-	-	369,955
Town Hall Roof Project	36,547	-	-	-	-	-	36,547
PWC Project	87,473	-	(31,254)	-	-	3,000	59,219
Town Garage WAS Rack	75,000	-	-	-	-	-	75,000
GIS	1,241	-	-	-	(1,241)	-	-
Elementary School	818,569	-	-	(816,783)	(1,786)	-	-
Middle School	(816,783)	-	-	816,783	-	-	-
GHA Expansion	25	-	-	-	-	-	25
Totals	\$ 296,108	\$ 824,725	\$ (44,327)	\$ -	\$ (3,027)	\$ 13,281	\$ 1,086,760

Town of Griswold, Connecticut

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

2. Stewardship, Compliance and Accountability (Continued)

	Beginning Unexpended Appropriation	Current Year Transfers In	Current Year Expenditures	Project Transfers	Transfers In/Out	Other Income	Ending Unexpended Appropriation
Capital Nonrecurring Fund							
Restricted Fund Balance							
Town Clerk LOCIP Fees	\$ 27,615	\$ -	\$ -	\$ -	\$ -	\$ 4,812	\$ 32,427
Committed Fund Balance							
Revaluation Fund	12,455	-	-	-	-	-	12,455
Board of Education Maintenance Garage	18,847	-	-	-	-	-	18,847
JCFD Self Contained Breathing Apparatus	4,320	-	-	(4,320)	-	-	-
GVFD Self Contained Breathing Apparatus	10,175	-	-	(10,175)	-	-	-
Town Hall Computer Equipment	3,891	-	-	-	-	-	3,891
Public Works Mason Dump	8,002	-	-	(8,002)	-	-	-
Large Senior Bus	1,422	-	-	(1,422)	-	-	-
PW Dump Truck	81,398	-	(76,795)	(4,603)	-	-	-
Small Senior Van	2,304	-	-	(2,304)	-	-	-
PW Roadside Mower	78,000	-	-	-	-	-	78,000
GPS Zero Turn Mower	2,973	-	-	(2,973)	-	-	-
JCFD R-1 Utility Vehicle	48	-	-	(48)	-	-	-
Campbell Road Box Culvert	40,000	-	-	-	-	-	40,000
GPS Security Glass	14,046	-	-	(38,046)	(21,039)	45,039	-
GHS Auditorium Seats	9,117	-	-	(9,117)	-	-	-
GPS Ford F-250	5,000	-	-	-	-	-	5,000
GMS Window Balance	10,000	-	-	-	-	-	10,000
GHS Library Carpet	7,000	-	-	-	-	-	7,000
GVFD S155 Service Vehicle	20,000	-	-	-	-	-	20,000
Town Hall Server Upgrade	6,773	-	-	-	-	-	6,773
GPS Track Repair	-	50,000	(25,000)	-	-	-	25,000
GMS Boilers	-	60,000	-	-	-	-	60,000
Tax Collector Server Upgrade	-	14,800	(12,957)	-	-	-	1,843
Gas Line Project	-	-	-	24,000	-	5,000	29,000
Assigned Fund Balance							
Assigned, but for no specific project	87,221	3,027	-	57,010	(18,003)	-	129,255
Totals	<u>\$ 450,607</u>	<u>\$ 127,827</u>	<u>\$ (114,752)</u>	<u>\$ -</u>	<u>\$ (39,042)</u>	<u>\$ 54,851</u>	<u>\$ 479,491</u>

C. Fund Deficits

The following funds had deficit fund balances:

Board of Education Miscellaneous Fund	\$ 23,259
Senior Center Expansion Fund	31,678
Special Education Grant Fund	443
Sheldon Road Park Fund	92,344

The Town plans to eliminate the fund deficits from anticipated grant revenue.

D. Donor-restricted Endowments

The Town has received certain endowments to provide aid to local families in need. The amount is reflected in net position as restricted for endowments. Investment income is approved for disbursements by the applicable Trustee and is included in restricted fund balance. There is no appreciation available for appropriation.

Town of Griswold, Connecticut

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

3. Detailed Notes

A. Cash and Investments

Deposits – custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. At year end, \$4,801,657 of the Town's bank balance of \$5,458,367 (including certificates of deposit) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,476,243
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,325,414</u>
Total amount subject to custodial credit risk	<u>\$ 4,801,657</u>

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

The Town's investments consisted of the following types and maturities. Specific identification was used to determine the maturities.

Type of Investment	Credit Rating	Fair Value	Investment Maturities (In Years)		
			N/A	Less Than 1	1-5 Years
Certificates of deposit	N/A	\$ 1,613,016	\$ -	\$ 299,644	\$ 1,313,372
Money market	N/A	332,398	332,398	-	-
Pooled fixed income	AAA	1,752,721	-	1,752,721	-
Total		<u>\$ 3,698,135</u>	<u>\$ 332,398</u>	<u>\$ 2,052,365</u>	<u>\$ 1,313,372</u>

Fair Value of Investments

The Town did not have any investments subject to fair value measurement.

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

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

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

Town of Griswold, Connecticut

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

4. Detailed Notes (continued)

B. Interfund Transactions

The summary of interfund balances is as follows:

Major Funds	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund			
Capital Projects	N/A	\$ -	\$ 1,084,835
Miscellaneous Grants and Donations	N/A	-	20,061
Board of Education Child Care	N/A	-	20,742
Board of Education Miscellaneous	N/A	28,149	-
Paw to Paw	N/A	-	430
Town Aid Road	N/A	-	236,806
School Cafeteria	N/A	-	39,642
Special Education Grant	N/A	64,111	-
Recreation	N/A	-	66,892
Dog	N/A	-	24,330
Sheldon Road Park	N/A	92,344	-
Plan of Conservation and Development	N/A	-	7,840
Records Preservation	N/A	-	13,847
Sewer Authority	N/A	6,851	-
Capital Nonrecurring	N/A	-	479,398
Senior Center Expansion	N/A	25,514	-
Open Space	N/A	-	56,566
Anthony Trust	N/A	-	337
Total General Fund		<u>216,969</u>	<u>2,051,726</u>
Capital Projects Fund			
Town Garage Was Rack	General Fund	75,000	-
Highway Capital Equipment	General Fund	23,225	-
General Road Project	General Fund	522,789	-
Bridges Restoration	General Fund	369,955	-
Town Hall Roof	General Fund	36,547	-
PWC Project	General Fund	<u>57,319</u>	<u>-</u>
Capital Projects Fund		<u>1,084,835</u>	<u>-</u>

Town of Griswold, Connecticut

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

3. Detailed Notes (Continued)

B. Interfund Transactions (continued)

Special Revenue Funds

Miscellaneous Grants and Donations	General Fund	\$ 20,061	\$ -
Board of Education Child Care	General Fund	20,742	-
Board of Education Miscellaneous	General Fund	-	28,149
Paw to Paw	General Fund	430	-
Town Aid Road	General Fund	236,806	-
School Cafeteria	General Fund	39,642	-
Special Education Grant	General Fund	-	64,111
Recreation	General Fund	66,892	-
Dog	General Fund	24,330	-
Sheldon Road Park	General Fund	-	92,344
Plan of Conservation and Development	General Fund	7,840	-
Records Preservation	General Fund	13,847	-
Sewer Authority	General Fund	-	6,851

Capital Projects Funds

Capital Nonrecurring	General Fund	479,398	-
Senior Center Expansion	General Fund	-	25,514
Open Space	General Fund	56,566	-

Permanent Fund

Anthony Trust	General Fund	<u>337</u>	<u>-</u>
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Total Other Governmental Funds

<u>966,891</u>	<u>216,969</u>
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Grand Total

<u>\$2,268,695</u>	<u>\$2,268,695</u>
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All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a bank account.

Major Funds	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund			
Recreation	N/A	\$ -	\$ 15,407
Capital Nonrecurring	N/A	21,039	124,800
Capital Projects Fund	N/A	<u>-</u>	<u>824,725</u>
Total General Fund		<u>21,039</u>	<u>964,932</u>

Town of Griswold, Connecticut

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

3. Detailed Notes (Continued)

B. Interfund Transactions (continued)

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
Capital Projects Fund			
General Fund	N/A	824,725	-
Capital Nonrecurring	N/A	-	3,027
Total Capital Projects Fund		824,725	3,027
Other Governmental Funds			
Recreation	General Fund	15,407	-
Municipal Energy & Conservation	Capital Nonrecurring	18,003	-
Capital Nonrecurring	Capital Projects Fund	3,027	-
Capital Nonrecurring	General Fund	124,800	21,039
Capital Nonrecurring	Municipal Energy & Conservation	-	18,003
Total Other Governmental Funds		161,237	39,042
Grand Total		\$ 1,007,001	\$ 1,007,001

Transfers are used to move budgeted appropriations from the general fund for funding of the capital projects funds and various programs and activities in other funds.

C. Capital Assets

Changes in capital assets are as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 1,299,583	\$ -	\$ 85,200	\$ 1,214,383
Construction in progress	249,766	142,139	213,753	178,152
Total Capital assets, not being depreciated	1,549,349	142,139	298,953	1,392,535
Capital assets being depreciated:				
Buildings and improvements	104,979,960	-	111,300	104,868,660
Machinery and equipment	6,272,397	193,169	-	6,465,566
Infrastructure	31,978,954	488,071	55,298	32,411,727
Total capital assets, being depreciated	143,231,311	681,240	166,598	143,745,953
Total capital assets	144,780,660	823,379	465,551	145,138,488

Town of Griswold, Connecticut

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

3. Detailed Notes (Continued)

C. Capital Assets (continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Less accumulated depreciation for:				
Buildings and improvements	25,625,231	2,091,418	3,432	27,713,217
Machinery and equipment	3,547,328	339,438	-	3,886,766
Infrastructure	9,683,734	482,421	55,299	10,110,856
Total accumulated depreciation	<u>38,856,293</u>	<u>2,913,277</u>	<u>58,731</u>	<u>41,710,839</u>
Total capital assets, being depreciated net	<u>104,375,018</u>	<u>(2,232,037)</u>	<u>107,867</u>	<u>102,035,114</u>
Capital Assets, net	<u>\$ 105,924,367</u>	<u>\$ (2,089,898)</u>	<u>\$ 406,820</u>	<u>\$ 103,427,649</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 47,569
Public works	595,120
Public safety	159,596
Human services	18,325
Civic and cultural	7,087
Education	<u>2,085,580</u>
Total	<u>\$ 2,913,277</u>

D. Long-Term Liabilities

Description	Original amount	Date of issue	Date of maturity	Interest rate	Balance July 1, 2017 <i>(as restated)</i>	Additions	Deductions	Balance June 30, 2018	Current portion
General obligation bonds									
Refunding	\$ 14,625,000	2016	9/15/2029	2%-5%	\$ 13,675,000	\$ -	\$ 830,000	\$ 12,845,000	\$ 865,000
School improvement	995,000	2016	10/1/2026	1.70%	995,000	-	95,000	900,000	100,000
Total bonds	<u>15,620,000</u>				14,670,000	-	925,000	13,745,000	965,000
Bond premium					2,366,622	-	332,425	2,034,197	-
Capital leases					553,467	-	132,039	421,428	137,674
Compensated absences					464,989	123,779	205,832	382,936	76,587
Termination benefits					-	160,000	-	160,000	80,000
Net pension liability					4,357,166	-	687,648	3,669,518	-
OPEB liability					2,405,123	227,018	93,928	2,538,213	-
Total long-term liabilities					<u>\$ 24,817,367</u>	<u>\$ 510,797</u>	<u>\$ 2,376,872</u>	<u>\$ 22,951,292</u>	<u>\$ 1,259,261</u>

Town of Griswold, Connecticut

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

3. Detailed Notes (Continued)

D. Long-Term Liabilities (continued)

Long-term liabilities are generally liquidated by the General Fund.

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

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2019	965,000	555,900	2025	1,250,000	269,700
2020	1,010,000	518,700	2026	1,305,000	209,125
2021	1,045,000	479,900	2027	1,360,000	152,100
2022	1,085,000	434,675	2028	1,310,000	99,850
2023	1,140,000	382,350	2029	1,360,000	47,700
2024	1,190,000	327,400	2030	725,000	10,875
Totals				<u>\$ 13,745,000</u>	<u>\$ 3,488,275</u>

Statutory Debt Limitations – The Town’s indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Net Balance
General purpose	\$ 45,472,230	\$ -	\$ 45,472,230
Schools	90,944,460	13,745,000	77,199,460
Sewers	75,787,050	-	75,787,050
Urban renewal	65,682,110	-	65,682,110
Pension deficit	60,629,640	-	60,629,640

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$141,469,160.

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

Capital Leases Payable

The Town has two capital lease agreements to finance the acquisition of various equipment. The cost of equipment is included in the capital assets totaling \$718,989 and accumulated depreciation of \$91,307. These leases qualify as a capital lease for accounting purposes.

Town of Griswold, Connecticut

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

3. Detailed Notes (Continued)

D. Long-Term Liabilities (continued)

Total payments on capital leases is as follows:

	2019	\$	148,476
	2020		147,370
	2021		147,370
			<u>443,216</u>
Less the amount representing interest			<u>21,788</u>
Present value of future minimum lease payments		\$	<u><u>421,428</u></u>

E. Fund Balances

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

Fund Balance Component	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Human Services	\$ -	\$ -	\$ 18,000	\$ 18,000
Total nonspendable	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Restricted				
General Government	-	-	715	715
Town Clerk LOCIP	-	-	32,427	32,427
Records Preservation	-	-	13,920	13,920
Cemetery	-	-	6,972	6,972
Human Services	-	-	3,139	3,139
Public Works	-	-	3,469	3,469
Recreation	-	-	16,201	16,201
Sewer Authority	-	-	39,222	39,222
Education	-	-	144,761	144,761
Total restricted	<u>-</u>	<u>-</u>	<u>260,826</u>	<u>260,826</u>
Committed				
Capital Projects	-	1,086,760	317,809	1,404,569

Town of Griswold, Connecticut

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

3. Detailed Notes (Continued)

E. Fund Balances (continued)

Fund Balance Component	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assigned				
General Government	\$ 1,000	\$ -	\$ 153,693	\$ 154,693
Bicentennial Celebration	7,915	-	-	7,915
Roads	-	-	218,140	218,140
Open Space	-	-	54,971	54,971
Parks and Recreation	-	-	55,851	55,851
Education	176,234	-	20,742	196,976
Total assigned	<u>185,149</u>	<u>-</u>	<u>503,397</u>	<u>688,546</u>
Unassigned	<u>3,763,949</u>	<u>-</u>	<u>(147,724)</u>	<u>3,616,225</u>
Total	<u>\$ 3,949,098</u>	<u>\$ 1,086,760</u>	<u>\$ 952,308</u>	<u>\$ 5,988,166</u>

The amount of net position which was restricted by enabling legislation totaled \$216,410.

4. Other Information

A. Pension Plan – Connecticut Teachers’ Retirement System

Plan Description

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

Plan Membership - All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

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

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)**A. Pension Plan – Connecticut Teachers’ Retirement System (continued)**

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age.

Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

ContributionsState of Connecticut

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

Employer (School Districts)

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

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary.

Effective January 1, 2018, each teacher is required to contribute 7% of pensionable salary.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows of resources due to the statutory requirement that the State pay 100% of the required contribution.

Town of Griswold, Connecticut

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

4. Other Information (Continued)

A. Pension Plan – Connecticut Teachers’ Retirement System (continued)

The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Towns' proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension for the Town		41,219,341
Net Pension Liability	\$	41,219,341

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

For the fiscal year ended, the Town recognized pension expense and revenue of \$4,767,874 for on-behalf amounts for the benefits provided by the State.

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 increases	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 improvements scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. As a result of the 2015 actuarial experience study, the rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)

A. Pension Plan – Connecticut Teachers’ Retirement System (continued)

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

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

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

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

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

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)**B. OPEB Plan – Connecticut State Teachers’ Retirement Plan****1. Plan Description**

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (“TRS-RHIP”) - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (TRB). Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit Provisions

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

- **Normal Retirement:** Eligibility - Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.
- **Early Retirement:** Eligibility - 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree Health Care Coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Town of Griswold, Connecticut

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

4. Other Information (Continued)

B. OPEB Plan – Connecticut State Teachers’ Retirement Plan (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). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

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

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

Survivor Health Care Coverage

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

3. Contributions

State of Connecticut

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)

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

Employer (School Districts)

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

Employees

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

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

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

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>10,609,391</u>
Total	<u>\$ 10,609,391</u>

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

The Town recognized OPEB expense and revenue of \$491,693 for on-behalf amounts for the benefits provided by the State.

5. Actuarial Assumptions

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

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)**B. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)**

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

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

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

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

Changes in Assumptions and Inputs

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study’s findings and their adoption by the Board.

Other changes were as follows:

- The discount rate has been increased from 3.01% to 3.56% as a based upon the increase in the municipal bond index.

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

Affordable Care Act (ACA)

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)**B. OPEB Plan – Connecticut State Teachers’ Retirement Plan (continued)**

The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA’s implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA’s impact on the Plan’s liability will be required.

6. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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

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

8. Plan Fiduciary Net Position

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

C. Pension Plans – Connecticut Municipal Employees’ Retirement System**1. Plan description**

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System (MERS). This designation may be the result of collective bargaining. Only employees covered under the State Teachers’ Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has four sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Town of Griswold, Connecticut

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

4. Other Information (Continued)**C. Pension Plans – Connecticut Municipal Employees’ Retirement System (Continued)****2. Benefit provisions**

The plan provides retirement disability and death benefits.

General Employees

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

Policemen and Firemen

Compulsory retirement age for police and fire members is age 65.

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

For members covered by Social Security the benefit is 1 ½% of the average final compensation not in excess of the year’s breakpoint plus 2% of average final compensation in excess of the year’s breakpoint times years of service.

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

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

Early Retirement: Employees are eligible after 5 years of continuous service or 1 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age or an actuarially reduced allowance may begin at the time of separation.

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

Employees are eligible for nonservice-related disability benefits with 1 year of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Town of Griswold, Connecticut

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

4. Other Information (Continued)

C. Pension Plan – Connecticut Municipal Employees’ Retirement System (continued)

3. Contributions

Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security each person is required to contribute 5% of compensation.

For employees covered by social security each person is required to contribute 2¼% of compensation up to the social security taxable wage base plus 5% of compensation if any in excess of such base.

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

The Town reported \$3,669,518 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town’s proportionate share of the net pension liability was based upon the Town’s actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2017, the Town’s proportional share was 2.22% of one sub plan.

Subsequent to the measurement date there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

The Town recognized pension expense of \$868,327. The Town reported deferred outflows of resources related to pensions from the following sources:

<u>Description of Outflows</u>	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 293,836
Change in proportional share	137,611
Difference between expected and actual experience	69,762
Town contributions subsequent to measurement date	<u>667,934</u>
Total	<u>\$ 1,169,143</u>

Town of Griswold, Connecticut

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

4. Other Information (Continued)

C. Pension Plan – Connecticut Municipal Employees’ Retirement System (continued)

The amount reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan year ending June 30, 2018. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ 167,849
2020	350,642
2021	149,253
2022	<u>(166,535)</u>
Total	<u>\$ 501,209</u>

5. Actuarial assumptions

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

Inflation	3.25%
Salary increases	4.25-11.00% including inflation
Investment rate of return	8.00% net of pension plan investment expense including inflation

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 – June 30, 2012.

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

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)

C. Pension Plan – Connecticut Municipal Employees’ Retirement System (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. equities	16%	5.80%
Developed non-U.S. equities	14%	6.60%
Emerging markets (non-U.S.)	7%	8.30%
Core fixed income	8%	1.30%
Inflation linked bonds	5%	1.00%
Emerging market bond	8%	3.70%
High yield bonds	14%	3.90%
Real estate	7%	5.10%
Private equity	10%	7.60%
Alternative investments	8%	4.10%
Liquidity fund	3%	0.40%

6. Discount rate

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

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

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

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town's proportional share of the net pension liability	<u>\$ 6,271,718</u>	<u>\$ 3,669,518</u>	<u>\$ 1,462,366</u>

8. Plan fiduciary net position

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)

D. Other post-employment benefits (“OPEB”)

1. Plan description - The Town administers a single-employer, postretirement healthcare plan for certain Town and Board of Education employees in accordance with various collective bargaining agreements. The plan does not have assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2. Plan Benefits and Contribution Rates - The Town and Board of Education plan provides for medical benefits for certain retired employees and all retired teachers. Benefits and contributions are established by contract and may be amended by union negotiations. The Town is currently funding the plan on a pay as you go basis. Plan members are not required to contribute to the plan.

Town and Board of Education employees are eligible to retire under this plan upon attainment of age 55 with 10 years of service as an active member. Retirees pay 100% of premiums for medical insurance, dental insurance and life insurance (less any Teachers’ Retirement Board subsidies for retired teachers).

3. Plan Membership - As of the date of the latest actuarial valuation June 30, 2016, membership consisted of the following:

Active members	335
Retirees and beneficiaries receiving benefits	30
	365

4. OPEB Liability

The total OPEB liability of the Town as of June 30, 2018 was \$2,538,213 and was determined by an actuarial valuation as of June 30, 2016.

Changes in the net pension liability during the year were as follows:

Balance at July 1, 2017	\$ 2,405,123
Service cost	145,633
Interest	81,385
Benefit payments, including refunds	(93,928)
Net change	133,090
Balance at June 30, 2018	\$ 2,538,213

Town of Griswold, Connecticut

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

4. Other Information (Continued)

D. Other post-employment benefits (“OPEB”) (continued)

5. Actuarial methods and Significant Assumptions

The following actuarial methods and assumptions were used in the June 30, 2016 valuation and projected forward to a measurement date of June 30, 2017.

Actuarial cost method	Entry age normal
Discount rate	3.25%
Inflation	2.75%
Salary increase	2.75%
Medical trend rate	5.00%
Mortality	RP-2000 projected generationally with scale BB and a base year of 2009

- 6. Sensitivity Analysis** - The following presents the OPEB liability of the Town, calculated using the current discount rate, as well as what the Town’s OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate:

	1% Decrease to 2.25%	Current 3.25%	1% Increase to 4.25%
OPEB Liability	<u>\$ 2,770,268</u>	<u>\$ 2,538,213</u>	<u>\$ 2,328,117</u>

The following presents the OPEB liability of the Town, calculated using the current healthcare cost trend rates, as well as what the Town’s OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rate		
	1% Decrease 4.00%	Current 5.00%	1% Increase 6.00%
OPEB Liability	<u>\$ 2,271,831</u>	<u>\$ 2,538,213</u>	<u>\$ 2,845,991</u>

- 7. Discount Rate** - The discount rate used to measure the net OPEB liability was 3.25%. The discount rate was determined using a pay-as-you-go funding method with no additional funding from the Town.
- 8. OPEB Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year, the Town recognized OPEB expense of \$ 133,090. The Town reported no additional deferred inflows or outflows of resources in the year of implementation.

Town of Griswold, Connecticut

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

4. Other Information (Continued)**E. Risk Management**

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

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

F. Contingencies and Litigation

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

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

Town of Griswold, Connecticut

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

4. Other Information (Continued)

G. Prior Period Adjustment

The government-wide net position was restated as follows due to the implementation of GASB Statement 75, which requires the Town to record the OPEB liability in the government-wide financial statements, and GASB Statement 84 related to fiduciary funds:

	<u>Governmental Activities</u>	<u>Other Governmental Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Custodial Funds</u>
Net position as previously reported at June 30, 2017	\$ 92,538,200	\$ 1,156,901	\$ 138,808	\$ -
To remove OPEB obligation previously recorded	1,400,967	-	-	-
To record beginning OPEB liability (GASB 75)	(2,405,123)	-	-	-
To present custodial funds in accordance with new reporting standard (GASB 84)	-	-	-	227,123
To properly classify funds (GASB 84) as a permanent fund	6,968	6,968	(6,968)	-
as a private-purpose trust fund	<u>-</u>	<u>-</u>	<u>134,221</u>	<u>-</u>
Net position as restated at July 1, 2017	<u>\$ 91,541,012</u>	<u>\$ 1,163,869</u>	<u>\$ 266,061</u>	<u>\$ 227,123</u>

**Required
Supplementary
Information**

Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Property Tax Revenues					
General property taxes	\$ 19,717,488	\$ -	\$ 19,717,488	\$ 19,765,300	\$ 47,812
Interest and lien fees	200,000	-	200,000	207,865	7,865
Telephone access line tax	33,500	-	33,500	24,025	(9,475)
	<u>19,950,988</u>	<u>-</u>	<u>19,950,988</u>	<u>19,997,190</u>	<u>46,202</u>
Intergovernmental Revenues					
Education cost sharing	8,629,269	-	8,629,269	9,361,322	732,053
Excess cost	3,875,197	-	3,875,197	256,976	(3,618,221)
PILOT - state property	-	-	-	17,108	17,108
Mashantucket Pequot fund	-	-	-	86,837	86,837
Tax relief for elderly	31,243	-	31,243	-	(31,243)
Tax relief for veterans	5,671	-	5,671	6,509	838
Tax relief for totally disabled	956	-	956	844	(112)
MRSA bonded distribution	-	-	-	31,895	31,895
Local capital improvement	173,464	-	173,464	170,140	(3,324)
Youth services	-	-	-	14,000	14,000
Miscellaneous grants	16,985	-	16,985	292,927	275,942
	<u>12,732,785</u>	<u>-</u>	<u>12,732,785</u>	<u>10,238,558</u>	<u>(2,494,227)</u>
Charges for Services					
Finance department	116,132	-	116,132	127,839	11,707
Town clerk	134,000	-	134,000	240,763	106,763
Planning and development	9,200	-	9,200	18,117	8,917
Building official	170,000	-	170,000	148,127	(21,873)
Education tuition	1,600,000	-	1,600,000	1,809,611	209,611
Use of facilities	40,000	-	40,000	40,443	443
Judicial fine from state	5,000	-	5,000	3,800	(1,200)
Selectman	150	-	150	150	-
Miscellaneous	10,000	-	10,000	-	(10,000)
Solid waste	275,000	-	275,000	294,353	19,353
	<u>2,359,482</u>	<u>-</u>	<u>2,359,482</u>	<u>2,683,203</u>	<u>323,721</u>
Income from Investments					
Investment interest	35,000	-	35,000	55,086	20,086
Total Revenues	<u>35,078,255</u>	<u>-</u>	<u>35,078,255</u>	<u>32,974,037</u>	<u>(2,104,218)</u>
Other Financing Sources					
Appropriation of fund balance	425,000	-	425,000	-	(425,000)
Total Revenues and Other Financing Sources	<u>35,503,255</u>	<u>-</u>	<u>35,503,255</u>	<u>32,974,037</u>	<u>(2,529,218)</u>

(Continued)

Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

EXPENDITURES	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
General Government					
Board of Finance					
Financial director	\$ 97,850	\$ 461	\$ 98,311	\$ 98,311	\$ -
Bookkeeper and clerk	43,716	1	43,717	43,717	-
Assistant bookkeeper	36,764	-	36,764	36,764	-
Overtime payroll	1,250	-	1,250	1,101	149
Longevity	1,150	-	1,150	1,150	-
Health insurance	54,811	-	54,811	54,706	105
FICA	14,280	-	14,280	13,990	290
Pension	21,218	15	21,233	21,233	-
Meetings and dues	1,000	-	1,000	515	485
Education and training	600	-	600	275	325
Advertising	500	-	500	113	387
Postage	1,500	-	1,500	1,102	398
Finance and accounting	36,000	-	36,000	36,000	-
Service contracts and leases	7,000	(477)	6,523	6,011	512
Technology maintenance	1,500	-	1,500	1,500	-
Contracted services	27,000	-	27,000	25,244	1,756
	<u>346,139</u>	<u>-</u>	<u>346,139</u>	<u>341,732</u>	<u>4,407</u>
Board of Selectman					
Regular full-time payroll	46,337	-	46,337	46,337	-
Overtime payroll	2,500	-	2,500	2,110	390
Longevity	375	-	375	375	-
Contractual temp and occasional	2,500	-	2,500	2,241	259
Grant writer/project funded grant manager	5,000	-	5,000	1,505	3,495
First selectman - elected official	52,000	-	52,000	52,000	-
Second selectman - elected official	3,000	-	3,000	3,000	-
Third selectman - elected official	3,000	-	3,000	3,000	-
Health insurance	36,446	-	36,446	35,394	1,052
FICA	7,767	-	7,767	7,731	36
Pension	11,882	-	11,882	11,278	604
First selectman - travel	1	-	1	-	1
Second selectman - travel	1	-	1	-	1
Third selectman - travel	1	-	1	-	1
First selectman - meetings	1,200	-	1,200	384	816
Second selectman - meetings	100	-	100	-	100
Third selectman - meetings	100	-	100	-	100
Advertising	6,000	-	6,000	3,800	2,200
Postage	1,000	-	1,000	400	600
School building committee expenses	10	-	10	-	10
Health and safety committee expenses	10	-	10	-	10
Town historian	10	-	10	-	10
Liability/auto/property insurance - municipal	133,000	-	133,000	131,442	1,558
Workers' compensation - municipal insurance	132,000	(4,746)	127,254	115,777	11,477
Service contracts	15,500	(1,827)	13,673	10,733	2,940
Technology maintenance	8,000	6,573	14,573	14,573	-
Connecticut Conference of Municipalities	7,109	-	7,109	7,109	-

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Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
S.E.A.T.	\$ 10,397	\$ -	\$ 10,397	\$ 10,397	\$ -
S.E. CT Enterprise Region	4,183	-	4,183	4,183	-
S.E. CT Council of Governments	4,655	-	4,655	4,655	-
	<u>494,084</u>	<u>-</u>	<u>494,084</u>	<u>468,424</u>	<u>25,660</u>
Treasurer					
Elected officials	8,194	-	8,194	8,194	-
Deputy treasurer	1,820	-	1,820	1,820	-
FICA	766	-	766	766	-
Pension	214	-	214	214	-
Travel	25	-	25	-	25
	<u>11,019</u>	<u>-</u>	<u>11,019</u>	<u>10,994</u>	<u>25</u>
Tax Collector					
Regular full-time payroll	36,764	-	36,764	36,764	-
Overtime payroll	300	(148)	152	152	-
Longevity	475	-	475	475	-
DMV collection fee	10	(10)	-	-	-
Elected officials	62,648	-	62,648	62,648	-
Health insurance	55,089	(103)	54,986	54,986	-
FICA	7,017	(178)	6,839	6,839	-
Pension	11,762	(23)	11,739	11,739	-
Travel	500	(298)	202	202	-
Meetings and dues	500	(174)	326	326	-
Advertising	1,900	(870)	1,030	1,030	-
Postage	5,000	297	5,297	5,297	-
Service contracts/leases	22,350	(1,329)	21,021	21,021	-
Tax refunds	8,000	26,814	34,814	33,665	1,149
	<u>212,315</u>	<u>23,978</u>	<u>236,293</u>	<u>235,144</u>	<u>1,149</u>
Assessor					
Assessor	56,007	-	56,007	56,007	-
Assistant assessor	36,764	-	36,764	36,764	-
Overtime	500	-	500	396	104
Elected officials - BAA	3,000	-	3,000	3,000	-
Health insurance	49,238	-	49,238	49,136	102
FICA	6,554	-	6,554	6,364	190
Pension	10,950	-	10,950	10,939	11
Assessor - travel	500	-	500	-	500
Assessor - meetings	1,500	(380)	1,120	1,120	-
Assessor - advertising	300	-	300	-	300
Board of tax review - advertising	350	-	350	342	8
Postage - assessor	1,200	(206)	994	835	159
Postage - BAA	10	-	10	-	10
Service contracts/leases	21,000	891	21,891	21,891	-
Technology maintenance	600	(305)	295	210	85
Update maps - data processing	6,950	-	6,950	6,550	400
Motor vehicle - data processing	750	-	750	690	60
Personal property forms	50	-	50	-	50
	<u>196,223</u>	<u>-</u>	<u>196,223</u>	<u>194,244</u>	<u>1,979</u>

(Continued)

Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Elections and Registrations					
Contractual temporary and occasional	\$ 25,900	\$ -	\$ 25,900	\$ 10,045	\$ 15,855
Registrars - elected officials	19,327	-	19,327	18,132	1,195
FICA	3,460	-	3,460	2,169	1,291
Registrars - travel	400	-	400	179	221
Meetings and dues	4,000	-	4,000	1,559	2,441
Annual canvas	300	-	300	72	228
Election supplies	12,000	-	12,000	4,525	7,475
Postage	2,000	-	2,000	739	1,261
Service contracts/leases	1,500	-	1,500	1,475	25
	<u>68,887</u>	<u>-</u>	<u>68,887</u>	<u>38,895</u>	<u>29,992</u>
Town Clerk					
Regular full-time payroll - assistant town clerk	36,764	-	36,764	36,764	-
Overtime payroll	250	-	250	227	23
Longevity	1,150	-	1,150	1,150	-
Elected officials - town clerk	57,975	-	57,975	57,975	-
Health insurance	24,342	-	24,342	24,288	54
FICA	8,166	-	8,166	8,052	114
Pension	11,287	-	11,287	11,287	-
Travel	300	-	300	203	97
Meetings and dues	1,000	-	1,000	644	356
Advertising	3,000	-	3,000	2,619	381
Postage	1,500	-	1,500	1,102	398
Service contracts/leases	900	-	900	763	137
Indexing and recording	25,500	(184)	25,316	24,621	695
Vital statistics	650	-	650	419	231
Land records/update town code book	5,000	184	5,184	5,184	-
	<u>177,784</u>	<u>-</u>	<u>177,784</u>	<u>175,298</u>	<u>2,486</u>
Legal					
Labor legal matters	18,000	15,254	33,254	33,254	-
Probate court	8,758	(724)	8,034	8,034	-
Town counsel	75,000	384	75,384	75,384	-
	<u>101,758</u>	<u>14,914</u>	<u>116,672</u>	<u>116,672</u>	<u>-</u>
Maintenance of Town Building - 28 Main					
Regular full-time payroll - custodian	45,053	-	45,053	41,268	3,785
Overtime payroll	300	-	300	211	89
Health insurance	30,470	-	30,470	30,418	52
FICA	3,141	-	3,141	2,700	441
Pension	5,743	-	5,743	5,107	636
Telephone	13,500	-	13,500	11,865	1,635
Electricity	16,000	-	16,000	13,397	2,603
Heating fuel	5,500	-	5,500	4,790	710
Water	1,100	(100)	1,000	975	25
Building repairs	14,000	924	14,924	13,963	961
Custodial/maintenance supplies	6,100	(20)	6,080	5,800	280
	<u>140,907</u>	<u>804</u>	<u>141,711</u>	<u>130,494</u>	<u>11,217</u>

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Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Maintenance of Town Building - Pachaug					
Telephone	\$ 420	\$ 185	\$ 605	\$ 605	\$ -
Electricity	950	100	1,050	1,050	-
Heating fuel	1,600	(161)	1,439	1,439	-
Building repairs	10	(10)	-	-	-
Maintenance	300	(271)	29	29	-
	<u>3,280</u>	<u>(157)</u>	<u>3,123</u>	<u>3,123</u>	<u>-</u>
Maintenance of Town Building - Highway					
Electricity	3,700	180	3,880	3,880	-
Building repairs	5,000	(63)	4,937	4,937	-
Maintenance/supplies	1,300	338	1,638	1,638	-
	<u>10,000</u>	<u>455</u>	<u>10,455</u>	<u>10,455</u>	<u>-</u>
Total General Government	<u>1,762,396</u>	<u>39,994</u>	<u>1,802,390</u>	<u>1,725,475</u>	<u>76,915</u>
Public Safety					
Contractual temporary and occasional	24,500	7,197	31,697	31,697	-
FICA	1,874	551	2,425	2,425	-
Postage	200	30	230	230	-
Other purchased supplies	1,600	364	1,964	1,964	-
GVFD insurance	23,950	-	23,950	23,030	920
AA Young insurance	23,950	-	23,950	20,783	3,167
OSHA physicals and testing - GVFD	10,000	(7,197)	2,803	1,820	983
OSHA physicals and testing - AA Young	10,000	-	10,000	5,963	4,037
Office of civil preparedness	500	-	500	-	500
Griswold Volunteer Fire Department	98,940	-	98,940	98,614	326
Dispatch service	22,168	-	22,168	22,168	-
AA Young Volunteer Fire Department	100,918	-	100,918	100,808	110
Retention and recruitment - GVFD	50,629	-	50,629	50,629	-
Retention and recruitment - AA Young	48,450	-	48,450	47,850	600
Hydrants - Town of Griswold	29,500	(945)	28,555	26,644	1,911
Telephone	900	(92)	808	692	116
Electricity	700	92	792	792	-
Heating fuel	1,000	-	1,000	629	371
Building repairs	500	-	500	-	500
Maintenance	1,000	-	1,000	-	1,000
Other professional services	21,527	-	21,527	14,522	7,005
	<u>472,806</u>	<u>-</u>	<u>472,806</u>	<u>451,260</u>	<u>21,546</u>
Public Works					
Highway Department					
Regular full-time payroll	358,176	-	358,176	345,321	12,855
Director of public works	82,867	(34,542)	48,325	48,325	-
Seasonal maintainer	23,750	(514)	23,236	6,049	17,187
Overtime payroll	16,000	-	16,000	10,393	5,607
Overtime bulky waste	8,000	2,928	10,928	10,928	-
Overtime snow removal	26,000	14,747	40,747	40,747	-
Longevity	3,440	-	3,440	3,440	-
Tree warden - contractual, temporary	2,000	-	2,000	2,000	-
Safety training	5,000	-	5,000	2,436	2,564

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Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Tree maintenance	\$ 6,000	\$ -	\$ 6,000	\$ 6,000	\$ -
Health insurance	189,036	(2,491)	186,545	178,338	8,207
FICA	37,514	-	37,514	33,300	4,214
Pension	58,052	-	58,052	54,383	3,669
Other purchased supplies	17,000	-	17,000	16,401	599
JCDPU - street lighting	16,000	-	16,000	14,310	1,690
Eversource - street lighting	19,000	-	19,000	18,449	551
Gasoline fuel and fluids	45,000	(14,024)	30,976	30,976	-
Architects and engineers	8,500	-	8,500	8,495	5
Snow removal meals	1,200	518	1,718	1,718	-
Cemeteries maintenance	1,500	-	1,500	1,491	9
Equipment repairs and purchase	45,000	1,552	46,552	46,552	-
Snow removal - sand/salt	60,000	31,826	91,826	91,826	-
Contractual road repairs	60,000	-	60,000	-	60,000
Historic research and road discontinuance	5,000	-	5,000	-	5,000
Road signage	6,000	-	6,000	5,940	60
	<u>1,100,035</u>	<u>-</u>	<u>1,100,035</u>	<u>977,818</u>	<u>122,217</u>
Waste Disposal					
Meetings and dues	100	-	100	-	100
Advertising	50	-	50	-	50
Office supplies/central purchasing	700	-	700	71	629
Contracted services	1,000	(1,000)	-	-	-
Resource Recovery Authority	235,000	1,142	236,142	236,142	-
Recycling	500	(438)	62	-	62
Tipping fees	28,000	382	28,382	28,382	-
Maintenance - transfer station	500	(382)	118	-	118
Fuel	1,000	784	1,784	1,784	-
Electricity - transfer station	150	296	446	446	-
Dumpster replacement	7,500	(784)	6,716	6,700	16
Fees	800	-	800	800	-
	<u>275,300</u>	<u>-</u>	<u>275,300</u>	<u>274,325</u>	<u>975</u>
Building Official					
Regular part-time payroll - building official	43,399	-	43,399	41,470	1,929
Secretary	36,764	-	36,764	32,107	4,657
Overtime payroll	10,000	-	10,000	4,025	5,975
Longevity	1,107	-	1,107	1,107	-
Contractual temp and occasional	5,000	(3,630)	1,370	1,060	310
Demolition	200	-	200	-	200
Health insurance	12,457	2,716	15,173	15,173	-
FICA	7,926	-	7,926	6,680	1,246
Pension	4,510	590	5,100	5,100	-
Fuel for vehicle	700	324	1,024	1,024	-
Meetings and dues	800	-	800	525	275
Supplies and equipment	1,000	-	1,000	375	625
Postage	500	-	500	409	91
Service contracts/leases	1,250	-	1,250	1,243	7
	<u>125,613</u>	<u>-</u>	<u>125,613</u>	<u>110,298</u>	<u>15,315</u>
Total Public Works	<u>1,500,948</u>	<u>-</u>	<u>1,500,948</u>	<u>1,362,441</u>	<u>138,507</u>

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Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Human Services					
Senior Citizens					
Senior center director	\$ 47,500	\$ -	\$ 47,500	\$ 47,500	\$ -
Senior center driver	27,323	-	27,323	27,222	101
Senior center assistant	23,878	-	23,878	23,878	-
Contractual temp and occasional	5,000	4,286	9,286	9,286	-
Overtime payroll	4,000	-	4,000	3,968	32
Longevity	475	-	475	475	-
Health insurance	42,475	-	42,475	42,369	106
FICA	7,786	-	7,786	7,677	109
Pension	12,113	-	12,113	12,086	27
Meeting and dues	500	-	500	387	113
Postage	300	-	300	31	269
Recreation supplies/subcontractors	6,000	-	6,000	5,438	562
Telephone	1,500	876	2,376	2,376	-
Electricity	6,500	-	6,500	4,802	1,698
Heating Fuel	2,500	-	2,500	1,338	1,162
Water	1,600	-	1,600	1,245	355
Maintenance	8,600	610	9,210	9,210	-
Gasoline, fuel and fluids	5,500	(2,721)	2,779	2,779	-
Vehicle maintenance	2,000	-	2,000	1,871	129
Transportation	1,000	-	1,000	734	266
Municipal agent	10	-	10	-	10
Senior center building committee	10	-	10	-	10
Meal on wheels	11,210	(3,051)	8,159	7,727	432
	<u>217,780</u>	<u>-</u>	<u>217,780</u>	<u>212,399</u>	<u>5,381</u>
Contributions					
TVCCA	3,000	-	3,000	3,000	-
Slater Library	85,000	-	85,000	85,000	-
Safe Futures	1,500	-	1,500	1,500	-
Local Veterans Council	2,000	-	2,000	2,000	-
Snowflake festival	700	-	700	700	-
Legion baseball	10	-	10	-	10
LL baseball	1,000	-	1,000	1,000	-
Sexual Assault Crisis Center	500	-	500	500	-
UCFS	5,000	-	5,000	5,000	-
Children First Griswold	2,000	-	2,000	2,000	-
	<u>100,710</u>	<u>-</u>	<u>100,710</u>	<u>100,700</u>	<u>10</u>
Health Department					
Contractual temporary and occasional	<u>77,368</u>	<u>-</u>	<u>77,368</u>	<u>77,368</u>	<u>-</u>
Total Human Services	<u>395,858</u>	<u>-</u>	<u>395,858</u>	<u>390,467</u>	<u>5,391</u>
Civic and Cultural					
Parks and Recreation					
Recreation director	21,570	-	21,570	21,570	-
Longevity	216	-	216	216	-
Health insurance	13,836	-	13,836	13,785	51
FICA	1,504	-	1,504	1,500	4
Pension	2,558	-	2,558	2,557	1
Printing and publications	500	-	500	500	-

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Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Electricity	\$ 1,860	\$ -	\$ 1,860	\$ 1,860	\$ -
Water	400	-	400	265	135
Maintenance/custodial supplies	5,200	-	5,200	5,200	-
Technology maintenance	1,000	-	1,000	1,000	-
Telephone	540	-	540	332	208
	<u>49,184</u>	<u>-</u>	<u>49,184</u>	<u>48,785</u>	<u>399</u>
Youth and Family Services					
Youth and family service director	25,930	-	25,930	25,930	-
Longevity	524	-	524	524	-
Health insurance	16,633	-	16,633	16,633	-
FICA	1,829	-	1,829	1,812	17
Pension	3,075	-	3,075	3,075	-
Travel	600	-	600	600	-
Education and training	200	-	200	70	130
Printing and publications	500	-	500	500	-
Postage	150	-	150	107	43
	<u>49,441</u>	<u>-</u>	<u>49,441</u>	<u>49,251</u>	<u>190</u>
Total Civic and Cultural	<u>98,625</u>	<u>-</u>	<u>98,625</u>	<u>98,036</u>	<u>589</u>
Development and planning					
Planning and community development					
Regular full-time payroll - town planner	80,433	-	80,433	80,433	-
Secretary	36,764	-	36,764	18,099	18,665
Overtime payroll	3,000	-	3,000	2,427	573
Longevity	775	-	775	775	-
Health insurance	36,504	-	36,504	29,150	7,354
FICA	8,832	-	8,832	7,404	1,428
Pension	14,202	-	14,202	10,827	3,375
Professional services - contractual	1,000	1,156	2,156	2,156	-
Hearing officer - contractual	1	-	1	-	1
Travel	400	-	400	-	400
Planner - meetings and dues	100	-	100	-	100
P&Z - meetings and dues	200	-	200	110	90
ZBA - meetings and dues	100	-	100	-	100
CC - meetings and dues	400	-	400	60	340
Economic Development Commission	500	-	500	100	400
Education and training	400	-	400	-	400
Planner - advertising	1	-	1	-	1
P&Z - advertising	5,000	-	5,000	4,500	500
ZBA - advertising	3,500	(348)	3,152	3,107	45
Wetlands/APA - advertising	2,000	-	2,000	953	1,047
Postage	1,000	-	1,000	795	205
Service contracts/leases	3,600	(1,121)	2,479	1,517	962
Plan of Conservation and Development	800	-	800	-	800
State of Connecticut - MS4 Program	6,000	313	6,313	6,313	-
	<u>205,512</u>	<u>-</u>	<u>205,512</u>	<u>168,726</u>	<u>36,786</u>

(Continued)

Town of Griswold, Connecticut

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Sundry					
Exchanges	\$ 940,000	\$ (42,484)	\$ 897,516	\$ -	\$ 897,516
Retiree life insurance	300	(28)	272	272	-
MERF - administrative assessor	7,800	650	8,450	8,450	-
Unemployment compensation	2,000	1,863	3,863	3,863	-
Teacher's retirement	424,472	-	424,472	-	424,472
	<u>1,374,572</u>	<u>(39,999)</u>	<u>1,334,573</u>	<u>12,585</u>	<u>1,321,988</u>
Education					
Board of Education	<u>26,982,909</u>	<u>-</u>	<u>26,982,909</u>	<u>26,978,093</u>	<u>4,816</u>
Debt Service	<u>1,671,037</u>	<u>5</u>	<u>1,671,042</u>	<u>1,671,042</u>	<u>-</u>
Total Expenditures	<u>34,464,663</u>	<u>-</u>	<u>34,464,663</u>	<u>32,858,125</u>	<u>1,606,538</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,038,592</u>	<u>-</u>	<u>1,038,592</u>	<u>115,912</u>	<u>(922,680)</u>
Other Financing Uses					
Transfers out	<u>1,038,592</u>	<u>-</u>	<u>1,038,592</u>	<u>1,018,582</u>	<u>20,010</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(902,670)</u>	<u>(902,670)</u>
Reconciliation to Exhibit D					
			<u>Revenues</u>	<u>Expenditures</u>	
Budgetary basis - RSI-1			\$ 32,974,037	\$ 32,858,125	
State Teachers' pension on behalf amount			4,767,874	4,767,874	
State Teachers' OPEB on behalf amount			491,693	491,693	
Prior year encumbrances			-	118,167	
Current year encumbrances			-	(177,234)	
Youth Center Fund			18,907	76,459	
Compensated Absences Fund			-	86,169	
GAAP basis - Exhibit D			<u>\$ 38,252,511</u>	<u>\$ 38,221,253</u>	

Notes to Required Supplementary Information:

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

1. The Town does not recognize as revenue or expenditure amounts for the State Teachers' pension and OPEB on behalf of amounts from the State of Connecticut.
2. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
3. Certain other fund operations are excluded from the budget.

(Concluded)

Town of Griswold, Connecticut

Other Post-Employment Benefits Plan
Required Supplementary Information
Schedule of Contributions
June 30, 2018 (1)

OPEB liability:	
Service cost	\$145,633
Interest	81,385
Benefit payments, including refunds of member contributions	<u>(93,928)</u>
Net change in OPEB liability	133,090
OPEB liability - July 1	<u>2,405,123</u>
OPEB liability - June 30 (a)*	<u><u>\$2,538,213</u></u>
Covered payroll	<u><u>\$18,350,120</u></u>
OPEB liability as percentage of covered payroll	<u><u>13.83%</u></u>

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

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

Town of Griswold, Connecticut

Connecticut Municipal Employees' Retirement System
Required Supplementary Information
Last Four Years (1)

Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015
Town's percentage of collective net pension liability (general employees with social security)	2.22%	2.22%	2.08%	2.08%
Town's portion net pension liability	\$ 3,669,518	\$ 4,357,166	\$ 2,848,256	\$ 2,140,037
Town's covered payroll	\$ 5,284,400	\$ 5,284,400	\$ 4,616,471	\$ 4,616,471
Town's portion net pension liability as a percentage of covered payroll	69.44%	82.45%	61.70%	46.36%
Plan fiduciary net position as a percentage of total pension liability	91.68%	88.29%	90.52%	90.52%

Schedule of Employer Contributions

	2018	2017	2016	2015
Town's contractually required contribution	\$ 667,934	\$ 601,365	\$ 610,674	\$ 582,540
Town's contributions in relation to the contractually required contribution	667,934	601,365	610,674	582,540
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 5,284,400	\$ 5,284,400	\$ 4,616,471	\$ 4,616,471
Town's contributions as a percentage of covered employee payroll	12.64%	11.38%	13.23%	12.62%

(Continued)

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

Town of Griswold, Connecticut

Connecticut Municipal Employees' Retirement System
Required Supplementary Information
Last Four Years (1)

Notes to Required Supplementary Information

Changes of benefit term	None
Changes of assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoothed market (20% recognition of investment gains and losses)
Inflation	3.25%
Salary increases	4.25%-11.00%, average, including inflation
Investment rate of return	8.00% net of pension plan investment expense, including inflation

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

(Concluded)

Town of Griswold, Connecticut

Connecticut Teachers' Retirement System
Required Supplementary Information
Last Four Years (3)

Schedule of Proportionate Share of the Net Pension Liability

	2018	2017	2016	2015
Town's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	\$ 41,219,341	\$ 43,486,721	\$ 34,430,103	\$ 31,823,730
Total proportionate share of the net pension liability	\$ 41,219,341	\$ 43,486,721	\$ 34,430,103	\$ 31,823,730
Town's covered payroll	(2) N/A	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	55.93%	52.26%	59.50%	61.51%

Schedule of Contributions

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

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

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

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

(Continued)

Town of Griswold, ConnecticutConnecticut Teachers' Retirement System
Required Supplementary Information
Last Four Years (1)**Notes to Required Supplementary Information**

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

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

(Concluded)

Town of Griswold, Connecticut

Connecticut Teachers' Retirement Board Retiree Health Insurance Plan

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

Town's proportion of the net OPEB liability		<u>0.00%</u>
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		<u>10,609,391</u>
Total		<u>\$ 10,609,391</u>
Town's covered payroll	(2)	<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u>1.79%</u>

Schedule of Contributions

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

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

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

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

(Continued)

Town of Griswold, Connecticut

Connecticut Teachers' Retirement Board Retiree Health Insurance Plan

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

Changes of benefit terms	None
Changes of assumptions	2016:
	The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase
	The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board
	The assume initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare inflation rate - Initial	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(Concluded)

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