

## Preliminary Official Statement Dated July 7, 2020

**NEW MONEY ISSUE: Book-Entry-Only**

**RATINGS: S&P Global Ratings: "AAA / SP-1+"**

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as a item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Exemption of the Bonds and the Notes" herein.)



### **Town of Bethel, Connecticut** **\$20,000,000** **General Obligation Bonds, Issue of 2020**

**Dated: Date of Delivery**

**Due: July 15, 2021-2040,**  
**As shown on the inside cover hereof:**

The Bonds will bear interest payable January 15, 2021 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

**Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Wednesday, July 15, 2020, at the Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.**

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### **\$20,000,000** **General Obligation Bond Anticipation Notes**

**Dated: July 24, 2020**

**Due: July 23, 2021**

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated July 7, 2020. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Notes are not subject to redemption prior to maturity.

**Telephone bids and electronic bids via PARITY® will be received for the Notes until 11:00 A.M. (Eastern Time) on Wednesday, July 15, 2020 at Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone bids will be received until 11:00 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, the Town's Municipal Advisor on the sale date at (203) 283-1110.**

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

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC in New York, New York on or about July 24, 2020.



# Town of Bethel, Connecticut

## \$20,000,000

### General Obligation Bonds, Issue of 2020

**Dated:**     **Date of Delivery**

**Due: July 15,**  
**as shown below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP <sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP <sup>1</sup></b>
2021	\$ 1,000,000	__%	__%	086743__	2031	\$ 1,000,000	__%	__%	086743__
2022	1,000,000	__%	__%	086743__	2032	1,000,000	__%	__%	086743__
2023	1,000,000	__%	__%	086743__	2033	1,000,000	__%	__%	086743__
2024	1,000,000	__%	__%	086743__	2034	1,000,000	__%	__%	086743__
2025	1,000,000	__%	__%	086743__	2035	1,000,000	__%	__%	086743__
2026	1,000,000	__%	__%	086743__	2036	1,000,000	__%	__%	086743__
2027	1,000,000	__%	__%	086743__	2037	1,000,000	__%	__%	086743__
2028	1,000,000	__%	__%	086743__	2038	1,000,000	__%	__%	086743__
2029	1,000,000	__%	__%	086743__	2039	1,000,000	__%	__%	086743__
2030	1,000,000	__%	__%	086743__	2040	1,000,000	__%	__%	086743__

## \$20,000,000

### General Obligation Bond Anticipation Notes

**Dated:**     **July 24, 2020**

**Rate:**     \_\_%

**Due:**     **July 23, 2021**

**Yield:**     \_\_%

**CUSIP:**<sup>1</sup>     **086743\_\_**

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

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

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

Set forth in Appendix A – “2019 Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

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

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## **Bond Issue Summary**

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

<b>Date of Sale:</b>	Wednesday, July 15, 2020 at 11:30 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of Bethel, Connecticut (the "Town").
<b>Issue:</b>	\$20,000,000 General Obligation Bonds, Issue of 2020 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	Principal due serially July 15, 2021 through July 15, 2040. Interest due January 15 and July 15 in each year until maturity, commencing January 15, 2021.
<b>Purpose:</b>	The Bond proceeds will be used to provide funds for various school projects.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
<b>Security:</b>	The Bonds 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 Bonds when due.
<b>Credit Rating:</b>	The Town received a rating of "AAA" for the Bonds from S&P Global Ratings ("S&P").
<b>Bond Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Exemption:</b>	See Appendix B-1 - "Form of Opinion of Bond Counsel - Bonds".
<b>Bank Qualification:</b>	The Bonds <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and timely notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Barry Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut. Email: bbernabe@muniadvisors.com Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 24, 2020. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Town should be directed to Mr. Robert V. Kozlowski, Comptroller, 1 School Street, Bethel, Connecticut 06801, Telephone: (203) 794-8513.

## **Note Issue Summary**

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

<b>Date of Sale:</b>	Wednesday, July 15, 2020 at 11:00 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
<b>Issuer:</b>	Town of Bethel, Connecticut (the "Town").
<b>Issue:</b>	\$20,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal Due:</b>	At maturity: July 23, 2021.
<b>Interest Due:</b>	At maturity: July 23, 2021.
<b>Purpose:</b>	The Note proceeds will be used to provide funds for school renovation.
<b>Redemption:</b>	The Notes are <u>NOT</u> subject to redemption prior to maturity.
<b>Security:</b>	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.
<b>Credit Rating:</b>	The Town received a rating of "SP-1+" for the Notes from S&P Global Ratings ("S&P").
<b>Note Insurance:</b>	The Town does not expect to purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Exemption:</b>	See Appendix B-2 - "Form of Opinion of Bond Counsel".
<b>Bank Qualification:</b>	The Notes <u>shall NOT</u> be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of certain events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Barry Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut. Email: bbernabe@muniadvisors.com Telephone (203) 283-1110.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 24, 2020. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Town should be directed to Mr. Robert V. Kozlowski, Comptroller, 1 School Street, Bethel, Connecticut 06801, Telephone: (203) 794-8513.

## ***I. Bond and Note Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Bethel, Connecticut (the “Town”), in connection with the issuance and sale of \$20,000,000 General Obligation Bonds, Issue of 2020 (the “Bonds”) and \$20,000,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

The Bonds and Notes are being offered for sale at public bidding. The Notices of Sale dated July 7, 2020 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendix D-1 for the Bonds and Appendix D-2 for the Notes, for the terms and conditions of the bidding.

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

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

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

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

### ***Global Health Emergency Risk***

#### **The COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

The ongoing impact of COVID-19 has materially affected state, national, and global activity; and increased public health emergency response costs. Many states and municipalities have taken measures that are having negative effects on global and local economies. In addition, businesses and people have altered behaviors in manners that are negatively affecting the economy. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19. Although COVID-19 has not yet had a material adverse effect on the Town’s finances or impacted its credit ratings to date, there can be no assurances that COVID-19 will not materially adversely impact the financial condition of the Town, including the Town’s credit ratings and ability to pay debt service on the Bonds and Notes, in the future.

#### ***State and Local Efforts to Mitigate the Ongoing Impact of COVID-19***

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) as a result of the COVID-19 outbreak. State agencies were directed to use all resources necessary to prepare for and respond to the outbreak and resulting emergency. Immediately after the outbreak, the Governor restricted social and recreational gatherings to no more than 5 people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ, required closure of all non-essential businesses and not-for-profit entities and instituted a 60-day residential rent moratorium. The Governor also cancelled all public-school classes through the 2020 school year.

On April 30, 2020, Governor Lamont announced a four-stage plan to reopen the State's economy as a result of steady declines in hospitalizations related to the virus (the "Reopening Plan"). Phase one of the Reopening Plan began on May 20, 2020 and allowed retailers, offices, outdoor restaurants and outdoor recreation facilities to open since certain public health criteria related to the virus had been satisfied. The criteria to progress to phase two of the Reopening Plan was satisfied, which phase took effect on June 17, 2020 and permits (but does not require) certain businesses to open under sector-specific rules. Those businesses include but are not limited hotels, indoor dining, libraries, nail salons and tattoo parlors, and the sector-specific rules include detailed information and requirements about physical distancing, facility capacity, hygiene, sanitizing, signage, personal protective equipment, scheduling, and training. Additionally, at varying dates within phase two, educational and community services, such as selected youth sports, public libraries, day camps and summer schools, will be permitted to open.

The Reopening Plan includes phases three and four but entering those phases will depend upon the impact the prior phases have on communities and many other factors including, but not limited to, the continuing decline of new outbreaks of the virus and availability of personal protective equipment for hospital workers.

Effective June 1, 2020, the Governor amended prohibitions on large gatherings by expanding: i) limits on all social and recreational gatherings by raising them to 10 people indoors and 25 people outdoors; and ii) limits on all religious, spiritual and worship gatherings by raising them to 25 percent of capacity of the indoor space or a maximum of 100 people, whichever is smaller, and to 150 people for outdoor gatherings, provided in each case that appropriate safety and social distancing measures are employed.

While the potential long-term impact on the Town connect be predicted at this time, the continued spread of the outbreak of the virus and any prolonged effects on the national and State economy could have a materially adverse effect on the Town's finances and economy. The Town's finances and financial plans remain stable. Approximately 96% of the Town's annual revenues have already been received as of June 16, 2020. Approximately 98.93% of the Town's budgeted property taxes have been collected through June 16, 2020.

#### ***COVID-19 Outbreak – Municipal Tax Relief Programs***

On April 1, 2020, in response to the COVID-19 emergency, Governor Lamont issued Executive Order No. 7S ("Order 7S"), as amended by Executive Order No. 7W on April 9, 2020 (the "Order 7W"), which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them. One program defers property tax payments by three months, while the other reduces the interest chargeable on delinquent property tax payments for three months.

All municipalities were directed to notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it intended to elect. On April 21, 2020, the Town adopted the "Deferment Program" (the "Program") with eligibility extended to all taxpayers with landlords having to establish eligibility. Landlords, or any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee, in order to be eligible for the "Deferment Program" must provide documentation to the Town that the parcel has or will suffer a significant income decline or that commensurate forbearance was offered to their tenants or lessees. The "Deferment Program" delays by three months payments due on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges if taxpayers, businesses, nonprofits and residents demonstrate significant economic impact caused by COVID-19 and/or demonstrate that they are assisting people who are experiencing significant economic impact caused by COVID-19. This program applies to charges which would otherwise be due from April 1 to July 1, 2020. Financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program.

Election by the Town of the "Deferment Program" is likely to result in decreased property tax revenues for the quarterly property taxes due in July 2020, resulting in a negative effect on cash flow. However, while a potential risk, the Town does not expect such negative cash flow to have a materially adverse effect on the Town for Fiscal Year 2020 or Fiscal Year 2021.



## ***Government Response to COVID-19's Impact on the Economy***

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion will be appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state will be based on population with a minimum payment of \$1.25 billion to each state. In addition, the CARES Act will provide \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On April 24, 2020, President Trump signed into law the Paycheck Protection Program and Health Care Enhancement Act. The legislation included \$484 billion of additional funding to support small businesses, hospitals and to enhance COVID-19 testing. On June 5, 2020, President Trump signed into law the Paycheck Protection Flexibility Act, which legislation eases restrictions on how and when the money lent to small businesses must be spent in order to be forgiven.

On March 28, 2020, President Trump approved Governor Lamont's request for a disaster declaration for the state of Connecticut. Under the declaration, it is expected that federal funding will be made available to State, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program which details a process by which Connecticut municipalities can receive reimbursements from the State using the Coronavirus Relief Fund to offset non-budgeted COVID-19 related expenditures that are incurred on or after March 1, 2020 through December 30, 2020. It is expected that the moneys from the Program can be used as the Town's 25% local match against the 75% FEMA Disaster Declaration reimbursement. Under the Program, The Town's maximum reimbursement for COVID-19 related expenditures through June 30, 2020 is \$130,954. The Program will be re-evaluated for expense reimbursements beyond June 30, 2020.

## ***Municipal Advisor***

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

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

## ***Description of the Bonds***

The Bonds will mature on July 15 in each of the years as set forth on the inside cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the inside cover page, payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2021. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of June and December, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes. The legal opinions for the Bonds and the Notes will be rendered by Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. See Appendices B-1 "Form of Opinion of Bond Counsel - Bonds" and B-2 "Form of Opinion of Bond Counsel - Notes".

## ***Redemption Provisions***

The Bonds maturing on or before July 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2029 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after July 15, 2028 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
July 15, 2028 and thereafter .....	100%

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

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

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

## ***Description of the Notes***

The Notes will be dated July 24, 2020 and will be due and payable as to both principal and interest at maturity, July 23, 2021. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Notes are not subject to redemption prior to maturity.

## ***Authorization and Purpose***

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

## Use of Proceeds

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

Project	Amount Authorized	Maturing Notes	New Money / (Paydowns)	This Issue:	
		Due: 7/24/20		The Notes Due: 7/23/21	The Bonds
General Capital Improvements 2016-2017 .....	\$ 1,438,000	\$ 990,000	\$ (990,000)	\$ -	\$ -
School Renovations (Rockwell & Johnson) .....	65,831,143	36,000,000	4,000,000	20,000,000	20,000,000
<b>Total .....</b>	<b>\$ 67,269,143</b>	<b>\$ 36,990,000</b>	<b>\$ 3,010,000</b>	<b>\$ 20,000,000</b>	<b>\$ 20,000,000</b>

## Book-Entry-Only Transfer System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

### ***DTC Practices***

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

## ***Replacement Securities***

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

## ***Security and Remedies***

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

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

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

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

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

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

## ***Qualification for Financial Institutions***

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

## ***Availability of Continuing Information***

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data with respect to the Bonds and the Notes and notices of the occurrence of certain events with respect to the Bonds and the Notes pursuant to Continuing Disclosure Agreements to be executed by the Town substantially in the forms set forth in Appendices C-1 and C-2 to this Official Statement.

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

## ***Ratings***

The Town received ratings of “AAA” and “SP-1+” from S&P Global Ratings (“S&P”) on the Bonds and the Notes, respectively. The Town furnished the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating, if obtained, will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town’s bonds and notes.

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

## ***Bond and Note Insurance***

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

## ***Tax Exemption of the Bonds and the Notes***

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

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

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

**Original Issue Discount.** The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP Bonds must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bonds for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

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

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

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

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

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

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

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

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

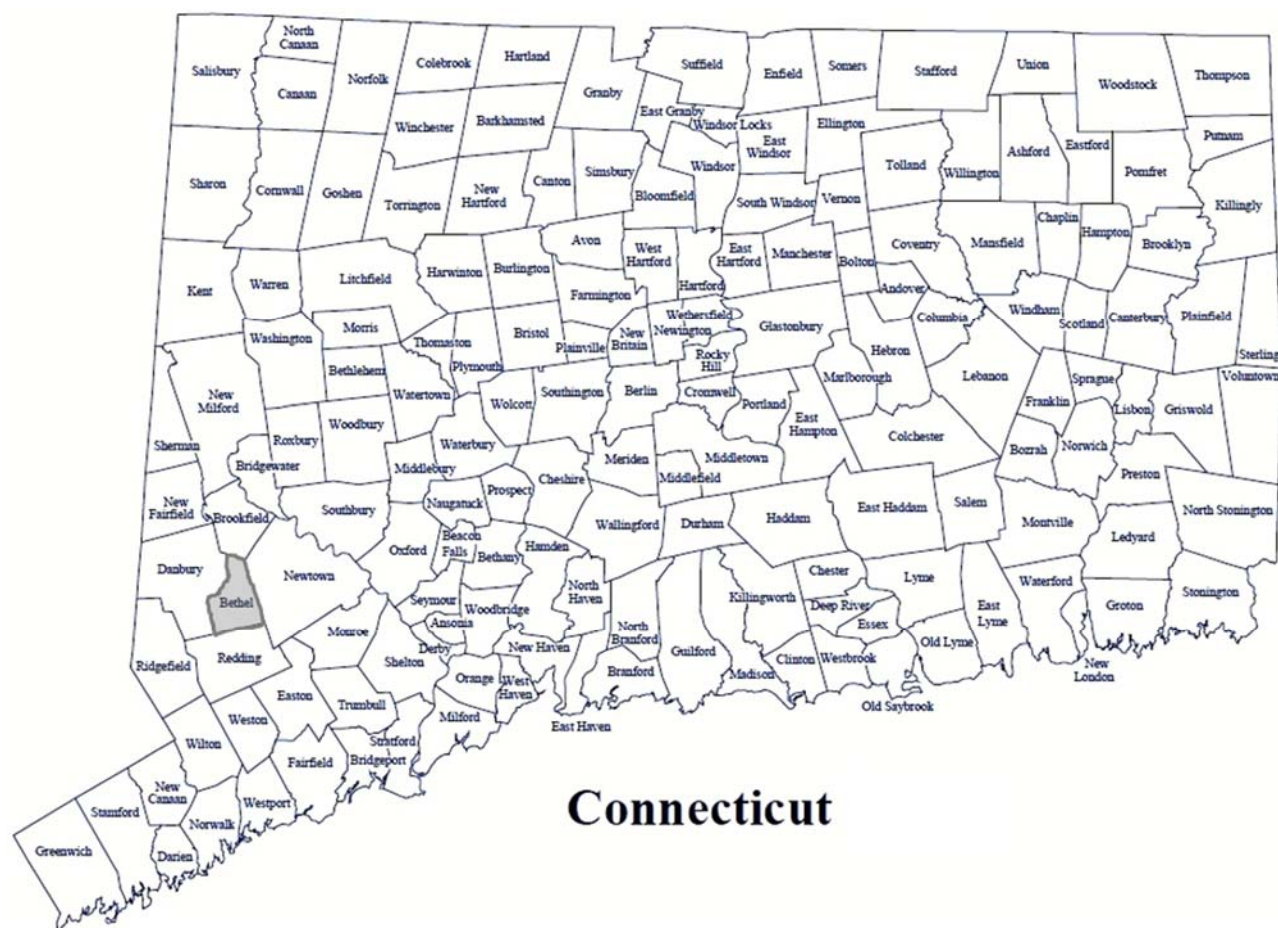
**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions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

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

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## SECTION II – THE ISSUER



### **Description of the Town**

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

### ***Form of Government***

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

### ***Principal Municipal Officials***

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

## ***Summary of Municipal Services***

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

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

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

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

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

**Building Maintenance:** Maintenance of all Town buildings including schools.

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

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

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

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

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

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

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

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

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

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

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

### ***Municipal Employees***

	<b><i>2020</i></b>	<b><i>2019</i></b>	<b><i>2018</i></b>	<b><i>2017</i></b>	<b><i>2016</i></b>
General Government .....	247	227	227	224	242
Board of Education .....	446	446	442	444	445
<b><i>Total</i></b> .....	693	673	669	668	687

## Collective Bargaining

<b>Employers</b>	<b>Bargaining Organizations</b>	<b>Positions Covered</b>	<b>Current Contract Expiration Date</b>
<b>Board of Education</b>			
Administrators .....	BAA	14	6/30/2024
Certified Staff .....	BEA	276	6/30/2022
Secretaries/Clerk Typist .....	AFSCME	24	6/30/2020 <sup>1</sup>
Nurses .....	SNA	6	6/30/2022
Paraprofessionals .....	UPSEA	59	6/30/2020 <sup>1</sup>
Custodians .....	Teamsters	22	6/30/2022
Cafeteria .....	BCW	24	6/30/2021
Non-Bargaining .....	N/A	21	N/A
<b>Total Board of Education Employees .....</b>		<b>446</b>	
<b>Town Groups</b>			
Highway Department .....	AFSCME	15	6/30/2022
Police Department .....	UPSEU	35	6/30/2022
Building Maintenance .....	AFSCME	5	6/30/2022
Police Dispatchers – Clerical .....	UPSEU	13	6/30/2020 <sup>1</sup>
Recreation Department .....	AFSCME	4	6/30/2022
Transfer Station .....	AFSCME	2	6/30/2022
Administrative Clerical .....	CSEA	20	6/30/2022
Public Utilities .....	AFSCME	4	6/30/2022
Non-Bargaining .....	Classified Service	30	N/A
Non-Bargaining .....	Volunteer Firefighters	119	N/A
<b>Total General Government Employees .....</b>		<b>247</b>	

<sup>1</sup> In negotiation.

Source: Town of Bethel, Finance Department

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

## Educational System School Enrollments

<i><b>Historical</b></i>					
<b>School Year</b>	<b>PreK-5</b>	<b>6-8</b>	<b>9-12</b>	<b>Special Education</b>	<b>Total</b>
2010-2011	1,296	684	959	25	2,964
2011-2012	1,329	693	949	21	2,992
2012-2013	1,332	684	959	21	2,996
2013-2014	1,384	672	933	17	3,006
2014-2015	1,344	696	891	17	2,948
2015-2016	1,405	656	897	17	2,975
2016-2017	1,418	683	883	17	3,001
2017-2018	1,473	659	915	17	3,064
2018-2019	1,436	745	909	17	3,107
2019-2020	1,410	806	923	17	3,156
<i><b>Projected</b></i>					
<b>School Year</b>	<b>Pre K-5</b>	<b>6-8</b>	<b>9-12</b>		<b>Total</b>
2020-2021	1,423	807	943	17	3,190
2021-2022	1,425	767	983	18	3,193
2022-2023	1,410	740	1,035	19	3,204

Source: Town of Bethel, Superintendent's Office

## School Facilities

<b>School</b>	<b>Grades</b>	<b>Year Constructed (Last Remodeled)</b>	<b>Number of Classrooms</b>	<b>10/1/2019 Enrollment <sup>1</sup></b>	<b>Rated Capacity</b>
High School .....	9-12	1970 (1978, 2009)	70	923	1,200
Middle School .....	6-8	1991	56	806	868
Berry School .....	Pre-K-3	1953 (2001)	36	466	625
Rockwell School <sup>2</sup> .....	K-3	1971 (1979)	27	424	600
Johnson School <sup>2</sup> .....	4-5	1980	34	520	725
<b>Total .....</b>			223	3,139	4,018

<sup>1</sup> Excludes Special Education out-of-district placements.

<sup>2</sup> The Town is currently remodeling the Rockwell School and the Johnson School.

Source: Town of Bethel, Superintendent's Office

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## SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

### Population Trends and Densities

<i>Year</i>	<i>Actual Population</i> <sup>1</sup>	<i>% Increase</i>	<i>Density</i> <sup>2</sup>
2018 <sup>3</sup>	19,551	5.2%	1,156.9
2010	18,584	2.9%	1,099.6
2000	18,067	3.0%	1,069.1
1990	17,541	9.6%	1,037.9
1980	16,004	46.2%	947.0
1970	10,945	-	647.6

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Per square mile; 16.9 square miles.

<sup>3</sup> American Community Survey 2014-2018

### Age Distribution of the Population

<i>Age</i>	<i>Town of Bethel</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Under 5 years .....	1,035	5.3%	184,983	5.2%
5 to 9 years .....	1,294	6.6	201,006	5.6%
10 to 14 years .....	1,270	6.5	224,135	6.3%
15 to 19 years .....	1,299	6.6	247,182	6.9%
20 to 24 years .....	1,042	5.3	245,490	6.9%
25 to 34 years .....	1,714	8.8	439,848	12.3%
35 to 44 years .....	2,609	13.3	427,023	11.9%
45 to 54 years .....	3,401	17.4	522,138	14.6%
55 to 59 years .....	1,640	8.4	266,170	7.4%
60 to 64 years .....	1,332	6.8	235,949	6.6%
65 to 74 years .....	1,804	9.2	327,414	9.1%
75 to 84 years .....	709	3.6	170,979	4.8%
85 years and over .....	402	2.1	89,187	2.5%
<b>Total.....</b>	<b>19,551</b>	<b>100%</b>	<b>3,581,504</b>	<b>100%</b>

Median Age (Years) 2018..... 43.5 40.8

Source: American Community Survey 2014-2018

### Income Levels

	<i>Town of Bethel</i>	<i>State of Connecticut</i>
Per Capita Income, 2018.....	\$ 46,066	\$ 43,056
Median Family Income, 2018.....	\$ 120,401	\$ 97,310
Percent Below Poverty (Families), 2018.....	1.90%	6.90%

Source: American Community Survey 2014-2018

## Income Distribution

<b>Income</b>	<b>Town of Bethel</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	37	0.7%	26,021	2.9%
10,000 - 14,999.....	55	1.1	16,472	1.8%
15,000 - 24,999.....	49	1.0	38,804	4.3%
25,000 - 34,999.....	209	4.2	50,215	5.6%
35,000 - 49,999.....	314	6.3	80,042	9.0%
50,000 - 74,999.....	657	13.1	127,676	14.3%
75,000 - 99,999.....	528	10.5	118,848	13.3%
100,000 - 149,999.....	1,381	27.5	186,154	20.8%
150,000 - 199,999.....	950	18.9	105,285	11.8%
200,000 and over.....	838	16.7	143,423	16.1%
<b>Total.....</b>	<b>5,018</b>	<b>100.0%</b>	<b>892,940</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## Educational Attainment

Years of School Completed – Age 25 and Over

	<b>Town of Bethel</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	368	2.7%	101,068	4.1%
9th to 12th grade.....	408	3.0	134,758	5.4
High School graduate.....	3,196	23.5	670,519	27.1
Some college, no degree.....	2,662	19.6	416,267	16.8
Associate's degree .....	950	7.0	190,869	7.7
Bachelor's degree.....	3,840	28.2	538,924	21.7
Graduate or professional degree.....	2,187	16.1	426,303	17.2
<b>Total.....</b>	<b>13,611</b>	<b>100.0%</b>	<b>2,478,708</b>	<b>100.0%</b>
Total high school graduate or higher (%).....		94.3%		90.5%
Total bachelor's degree or higher (%).....		44.3%		38.9%

Source: American Community Survey 2014-2018

## Major Employers As of June 2020

<b>Employer</b>	<b>Type of Business</b>	<b>Approximate Number of Employees</b>
Ability Beyond Disability.....	Healthcare Services	400
Bethel Healthcare.....	Healthcare Services	250
Duracell .....	Consumer Products	250
Memry Corp.....	Medical & Technology Devices	200
Big Y .....	Supermarket	200
Bethel Food (Caraluzzi's).....	Supermarket	200
Target.....	Retail Store	200
Eaton Corporation.....	Aerospace Research	200
Real Living Scalzo Group.....	Real Estate	200
Maplewood Nursing Home.....	Healthcare Services	200

Source: Town of Bethel Finance Department.

## Labor Force Data

Period	Percentage Unemployed				
	Town of Bethel		Town of Bethel	Bridgeport-Stamford	State of Connecticut
	Employed	Unemployed		Labor Market	
April 2020.....	9,107	852	8.6%	7.9%	8.0%
<b>Annual Average</b>					
2019.....	10,604	351	3.2	3.7	3.7
2018.....	10,504	377	3.5	4.1	4.1
2017.....	10,522	437	4.0	4.7	4.7
2016.....	10,299	478	4.4	5.2	5.3
2015.....	10,203	500	4.7	5.5	5.6
2014.....	10,511	567	5.1	5.3	6.7
2013.....	10,287	685	6.2	6.2	7.9
2012.....	10,202	717	6.6	6.7	8.3
2011.....	10,264	758	6.9	7.0	8.8
2010.....	9,974	834	7.7	7.7	9.0

Source: State of Connecticut, Department of Labor.

## Industry Classification

Sector	Town of Bethel		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	34	0.3%	7,195	0.4%
Construction.....	629	6.0	107,331	5.9
Manufacturing.....	1149	11.0	190,995	10.5
Wholesale trade.....	365	3.5	44,714	2.5
Retail trade.....	1062	10.1	191,939	10.6
Transportation warehousing, and utilities....	422	4.0	72,806	4.0
Information.....	203	1.9	41,839	2.3
Finance, insurance, real estate, and leasing..	770	7.4	164,607	9.1
Professional, scientific, management, administrative, and waste management.....	1403	13.4	207,632	11.5
Education, health and social services.....	2,650	25.3	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	982	9.4	150,852	8.3
Other services (except public admin.).....	481	4.6	83,686	4.6
Public Administration.....	322	3.1	67,172	3.7
<b>Total Labor Force, Employed.....</b>	<b>10,472</b>	<b>100%</b>	<b>1,810,445</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018



## Building Permits

<b>Fiscal Year Ending 6/30</b>	<b>Residential</b>		<b>Industrial / Commercial</b>		<b>Total</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
2020 <sup>1</sup>	285	\$ 29,904,570	33	\$ 23,324,727	318	\$ 53,229,297
2019	302	27,012,624	44	85,836,540 <sup>3</sup>	346	112,849,164
2018 <sup>2</sup>	207	40,938,436	37	17,303,127	244	58,241,563
2017	233	13,660,232	55	7,185,836	288	20,846,068
2016	300	16,120,688	40	1,565,678	340	17,686,366
2015	209	14,150,504	41	2,796,391	250	16,946,895
2014	89	16,685,847	4	10,790,020	93	27,475,867
2013	41	8,797,119	1	121,500	42	8,918,619
2012	36	8,306,190	1	135,000	37	8,441,190
2011	60	12,615,988	-	-	60	12,615,988

<sup>1</sup> As of June 1, 2020.

<sup>2</sup> In 2018, the Town changed the formula for how to calculate the dollar value. The Town now uses the national average for construction costs.

<sup>3</sup> \$48,750,000 of this value represents schools.

Source: Town of Bethel, Building Department.

## Age Distribution of Housing

<b>Year Built</b>	<b>Town of Bethel</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	1,283	18.9%	337,795	22.3%
1940 to 1969.....	2,376	34.9	533,321	35.3
1970 to 1979.....	1,917	28.2	201,360	13.3
1980 to 1989.....	90	1.3	191,306	12.6
1990 to 1999.....	501	7.4	115,459	7.6
2000 or 2009.....	402	5.9	103,632	6.9
2010 or later.....	237	3.5	29,432	1.9
<b>Total Housing Units .....</b>	<b>6,806</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## Housing Units by Type of Structure

<b>Housing Units</b>	<b>Town of Bethel</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	5,140	66.7%	892,608	59.0%
1-unit, attached.....	674	8.7	80,684	5.3
2 units.....	503	6.5	123,908	8.2
3 or 4 units.....	365	4.7	130,948	8.7
5 to 9 units.....	596	7.7	84,021	5.6
10 to 19 units.....	296	3.8	57,153	3.8
20 or more units.....	132	1.7	130,872	8.7
Mobile home.....	-	-	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
<b>Total Inventory.....</b>	<b>7,706</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

### **Owner-Occupied Housing Units**

<b>Specified Owner-Occupied Units</b>	<b>Town of Bethel</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	50	0.9%	21,254	2.3%
\$50,000 to \$99,000.....	16	0.3	29,211	3.2
\$100,000 to \$149,999.....	105	1.8	81,446	9.0
\$150,000 to \$199,000.....	404	7.1	139,715	15.4
\$200,000 to \$299,999.....	1,388	24.4	245,801	27.1
\$300,000 to \$499,999.....	3,044	53.6	240,706	26.5
\$500,000 to \$999,999.....	604	10.6	106,993	11.8
\$1,000,000 or more.....	73	1.3	42,008	4.6
<b>Total.....</b>	<b>5,684</b>	<b>100.0%</b>	<b>907,134</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$338,800</b>		<b>\$272,700</b>	

*Source: American Community Survey 2014-2018*

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## **SECTION IV – TAX BASE DATA**

### ***Property Tax***

#### ***Assessment Practices***

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

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

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

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

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

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property and creates a cap on the local property tax mill rate for motor vehicles. The statute provides that for the assessment year commencing October 1, 2018 (the fiscal year ending June 30, 2020) and each assessment year thereafter the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2019 (the Fiscal Year ending June 30, 2021) is 32 mills.

The Town has not approved the use of Section 12-124a of the Connecticut General Statutes which permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income.

## Tax Levy

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

See “Global Health Emergency Risk” herein regarding the Town’s adoption of the Tax Deferral Program.

### Comparative Assessed Valuations Taxable Grand List (in thousands)

Grand List as of 10/1	Residential Real Property (%)	Commercial & Industrial Real Property (%)	Other Percent (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2019	66.4	13.5	3.2	9.3	7.6	\$ 2,110,141	\$ 40,437	\$ 2,069,704	1.44%
2018	66.7	13.8	3.2	8.9	7.3	2,073,552	33,256	2,040,296	1.69%
2017 <sup>1</sup>	67.0	14.1	3.3	8.3	7.2	2,036,434	29,983	2,006,451	3.24%
2016	67.0	13.9	3.2	8.5	7.3	1,970,716	27,182	1,943,534	1.34%
2015	67.0	14.2	3.3	8.2	7.3	1,947,539	29,662	1,917,877	1.41%
2014	67.0	14.3	3.2	8.1	7.4	1,921,898	30,667	1,891,231	1.40%
2013	66.9	14.1	3.3	8.3	7.5	1,895,289	30,132	1,865,157	0.66%
2012 <sup>1</sup>	66.8	14.4	3.2	8.2	7.4	1,882,948	30,061	1,852,887	-20.84%
2011	71.2	13.2	3.3	6.5	5.8	2,372,331	31,521	2,340,810	1.21%
2010	71.2	13.5	3.5	6.4	5.5	2,344,195	31,362	2,312,833	0.74%

<sup>1</sup> Revaluation.

Source: Town of Bethel Assessor’s Office

### Ten Largest Taxpayers

Name of Taxpayer	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Eversource.....	Utility	\$ 90,773,520	4.39%
Berkshire Hathaway (Duracell Inc.) <sup>2</sup> .....	Battery Manufacturer	46,643,160	2.25%
Steiner, Inc. ....	Real Estate	15,652,140	0.76%
Bethel Associates, L.P. ....	Health Care	14,064,960	0.68%
Target Corporation <sup>2</sup> .....	Department Store	12,004,740	0.58%
CE Bethel LLC .....	Shopping Plaza	10,123,320	0.49%
Toll Brothers CT II .....	Real Estate Developer	9,936,210	0.48%
RMS Bethel LLC .....	Commercial Real Estate	9,639,240	0.47%
BFM L.P. ....	Shopping Plaza	8,986,100	0.43%
Omega Healthcare.....	Health Care	8,926,190	0.43%
<b>Total .....</b>		<b>\$ 226,749,580</b>	<b>10.96%</b>

<sup>1</sup> Based on Net Taxable Grand List of October 1, 2019 of \$2,069,704,000.

<sup>2</sup> Berkshire Hathaway (Duracell Inc.) is currently appealing their assessed value determined as a part of the October 1, 2019 revaluation.

Source: Town of Bethel, Assessor’s Office

### Property Tax Levies and Collections

<b>Grand List 10/1</b>	<b>Fiscal Year</b>	<b>Net Taxable Grand List (000's)</b>	<b>Tax Rate (Mills)</b>	<b>Adjusted Tax Levy</b>	<b>Percent Annual Levy Collected at End of Fiscal Year</b>	<b>Uncollected</b>	
						<b>Percent Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected As of 6/30/19</b>
2018	2020 <sup>1</sup>	\$ 2,040,296	33.41	\$ 67,410,366		<i>In Collection</i>	
2017	2019	2,006,451	32.87	65,057,726	98.92	1.08	1.08
2016	2018	1,943,534	32.88	63,745,600	99.37	0.63	0.33
2015	2017	1,917,877	32.17	61,545,662	99.02	0.98	0.04
2014	2016	1,891,231	32.18	60,745,363	98.85	1.15	0.01
2013	2015	1,865,157	32.11	59,950,753	98.71	1.29	-
2012	2014	1,852,887	31.50	57,291,339	98.83	1.17	-
2011	2013	2,340,810	24.07	56,056,266	98.75	1.25	-
2010	2012	2,312,833	23.24	52,657,934	98.84	1.16	-
2009	2011	2,295,739	22.44	50,571,935	98.65	1.35	-

<sup>1</sup> Subject to audit.

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

### Property Taxes Receivable

<b>Fiscal Year</b>		
<b>Ended 6/30</b>	<b>Current Year</b>	<b>Total</b>
2019	\$ 705,664	\$ 966,014
2018	598,268	797,586
2017	604,838	793,654
2016	700,153	1,096,422
2015	772,022	974,384
2014	669,665	908,765
2013	702,536	935,414
2012	611,221	835,923
2011	987,965	1,024,200
2010	684,755	908,706

Source: Town of Bethel, Assessors Office

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## SECTION V – DEBT SECTION

### Outstanding Bonded Debt Pro Forma As of July 24, 2020

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Outstanding</i>	<i>Fiscal Year of Maturity</i>
05/13/10	Schools .....	3.00–5.00	\$ 4,643,000	\$ 720,000	2023
05/13/10	General Purpose .....	3.00–5.00	3,782,000	330,000	2023
05/14/14	General Purpose - Series A .....	2.00–3.00	1,630,000	1,630,000	2023
05/14/14	Sewers - Series B <sup>1</sup> .....	2.00–3.25	2,975,000	2,005,000	2032
04/14/15	Schools .....	1.00–5.00	18,405,000	13,965,000	2035
04/14/15	Sewers <sup>1</sup> .....	1.00–5.00	12,010,000	9,095,000	2035
11/15/18	General Purpose .....	3.00–5.00	17,935,755	17,043,000	2039
11/15/18	Schools .....	3.00–5.00	2,064,245	1,957,000	2039
<b>Total .....</b>			<b>\$ 63,445,000</b>	<b>\$ 46,745,000</b>	
<b><u>This Issue</u></b>					
07/24/20	Schools .....	<i>tbd</i>	\$ 20,000,000	\$ 20,000,000	2041
<b>Total This Issue .....</b>			<b>\$ 20,000,000</b>	<b>\$ 20,000,000</b>	
<b>Grand Total .....</b>			<b>\$ 83,445,000</b>	<b>\$ 66,745,000</b>	

<sup>1</sup> Enterprise Fund debt supported by assessments and sewer user charges.

### Outstanding Short-term Debt Pro Forma As of July 24, 2020

<i>Project</i>	<i>Amount Authorized</i>	<i>This Issue: The Notes Due: 7/23/21</i>
School Renovations (Rockwell & Johnson) .....	\$ 65,831,143	\$ 20,000,000
<b>Total .....</b>	<b>\$ 65,831,143</b>	<b>\$ 20,000,000</b>

### Clean Water Fund Program

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

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

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Grant and Project Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Project Grant and Project Loan Agreement, the first year's date, and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

**Overlapping/Underlying Debt  
Pro Forma  
As of July 24, 2020**

The Town does not have any overlapping or underlying debt.

**Bonded Debt Maturity Schedule  
Pro Forma  
As of July 24, 2020**

<i><b>Fiscal Year</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total</b></i>	<i><b>This Issue</b></i>	<i><b>Total Principal</b></i>	<i><b>Cumulative Principal Retired (%)</b></i>
2021 <sup>1</sup>	\$ 3,055,000	\$ 1,734,994	\$ 4,789,994	\$ -	\$ 3,055,000	4.6
2022	3,590,000	1,605,419	5,195,419	1,000,000	4,590,000	11.5
2023	3,600,000	1,438,344	5,038,344	1,000,000	4,600,000	18.3
2024	3,085,000	1,285,669	4,370,669	1,000,000	4,085,000	24.5
2025	3,075,000	1,160,809	4,235,809	1,000,000	4,075,000	30.6
2026	2,740,000	1,055,100	3,795,100	1,000,000	3,740,000	36.2
2027	2,720,000	958,200	3,678,200	1,000,000	3,720,000	41.7
2028	2,695,000	864,300	3,559,300	1,000,000	3,695,000	47.3
2029	2,695,000	763,100	3,458,100	1,000,000	3,695,000	52.8
2030	2,690,000	656,975	3,346,975	1,000,000	3,690,000	58.3
2031	2,680,000	562,306	3,242,306	1,000,000	3,680,000	63.9
2032	2,660,000	474,631	3,134,631	1,000,000	3,660,000	69.3
2033	2,500,000	384,850	2,884,850	1,000,000	3,500,000	74.6
2034	2,485,000	295,113	2,780,113	1,000,000	3,485,000	79.8
2035	2,475,000	203,313	2,678,313	1,000,000	3,475,000	85.0
2036	1,000,000	137,500	1,137,500	1,000,000	2,000,000	88.0
2037	1,000,000	97,500	1,097,500	1,000,000	2,000,000	91.0
2038	1,000,000	57,500	1,057,500	1,000,000	2,000,000	94.0
2039	1,000,000	18,750	1,018,750	1,000,000	2,000,000	97.0
2040	-	-	-	1,000,000	1,000,000	98.5
2041	-	-	-	1,000,000	1,000,000	100.0
<b>Total .....</b>	<b>\$ 46,745,000</b>	<b>\$ 13,754,372</b>	<b>\$ 60,499,372</b>	<b>\$ 20,000,000</b>	<b>\$ 66,745,000</b>	

<sup>1</sup> Excludes \$525,000 in principal and \$39,375 in interest payments made from July 1, 2020 through July 24, 2020.

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

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**Current Debt Statement  
Pro Forma  
As of July 24, 2020**

**Long-Term Debt Outstanding:**

General Purpose.....	\$ 39,003,000
Schools.....	16,642,000
Sewers .....	11,100,000
<b>Total Long-Term Debt.....</b>	<b>66,745,000</b>
<b>Short-Term Debt</b> (Includes this issue due 7/23/21) .....	<b>20,000,000</b>
<b>Total Direct Debt.....</b>	<b>86,745,000</b>
<b>Underlying Debt .....</b>	<b>-</b>
<b>Total Overall Debt .....</b>	<b>86,745,000</b>
Less: Sewer Assessment Receivable (as of 7/24/20) .....	(3,962,000)
<b>Total Overall Net Debt.....</b>	<b>\$ 82,783,000</b>

**Current Debt Ratios  
Pro Forma  
As of July 24, 2020**

Population <sup>1</sup> .....	19,551
Net Taxable Grand List (10/1/18) .....	\$2,069,704,000
Estimated Full Value (70%) .....	\$2,956,720,000
Equalized Net Taxable Grand List (10/1/17) <sup>2</sup> .....	\$2,866,121,636
Income per Capita (2018) <sup>1</sup> .....	\$46,066

	<b>Total Overall Debt \$86,745,000</b>	<b>Total Overall Net Debt \$82,783,000</b>
Per Capita .....	\$4,436.86	\$4,234.21
Ratio to Net Taxable Grand List .....	4.19%	4.00%
Ratio to Estimated Full Value .....	2.93%	2.80%
Ratio to Equalized Grand List .....	3.03%	2.89%
Debt per Capita to Income per Capita 2018 .....	9.63%	9.19%

<sup>1</sup> U.S. Census Bureau, American Community Survey, 2014-2018.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

**Authority to Incur Debt**

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

**Temporary Financing**

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



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

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

### ***Limitation of Indebtedness***

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

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

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

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

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**Statement of Statutory Debt Limitation <sup>1</sup>**  
**Pro Forma**  
**As of July 24, 2020**

**Total Tax Collections** (including interest and lien fees) for the year ended June 30, 2019 ..... \$ 63,962,235

Reimbursement for Revenue Loss On:

**Tax relief for elderly freeze** ..... -  
**Base for Debt Limitation Computation**..... \$ 63,962,235

<b>Debt Limitation:</b>	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
2 1/4 times base .....	\$ 143,915,029	-	-	-	-
4 1/2 times base .....	-	\$ 287,830,058	-	-	-
3 3/4 times base .....	-	-	\$ 239,858,381	-	-
3 1/4 times base .....	-	-	-	\$ 207,877,264	-
3 times base .....	-	-	-	-	\$ 191,886,705
<b>Total Debt Limitation</b> .....	<b>143,915,029</b>	<b>287,830,058</b>	<b>239,858,381</b>	<b>207,877,264</b>	<b>191,886,705</b>

**Less Indebtedness:**

Outstanding Bonds .....	19,003,000	16,642,000	11,100,000	-	-
Bonds .....	-	20,000,000	-	-	-
Notes - Includes This Issue .....	-	20,000,000	-	-	-
Authorized But Unissued Debt .....	2,304,050	10,987,885	-	-	-
<b>Total Indebtedness</b> .....	<b>21,307,050</b>	<b>67,629,885</b>	<b>11,100,000</b>	<b>-</b>	<b>-</b>

Less:

State School Grants Receivable.....	-	-	-	-	-
Sewer Assessment Debt. <sup>1</sup> .....	-	-	(3,962,000)	-	-
<b>Total Net Indebtedness</b> .....	<b>21,307,050</b>	<b>67,629,885</b>	<b>7,138,000</b>	<b>-</b>	<b>-</b>

**Debt Limitation in Excess of**

**Outstanding And Authorized Debt** ..... \$ 122,607,979    \$ 220,200,173    \$ 232,720,381    \$ 207,877,264    \$ 191,886,705

<sup>1</sup> Enterprise Fund debt supported by assessments and sewer user charges.

Note: In no case shall total indebtedness exceed seven times the annual receipts from taxation or \$447,735,645.

**Authorized but Unissued Debt**  
**Pro Forma**  
**As of July 24, 2020**

<b>Project</b>	<b>Amount Authorized</b>	<b>Previously Bonded</b>	<b>Maturing Notes Due: 7/24/20</b>	<b>New Money / (Paydowns)</b>	<b>This Issue:</b>		<b>Expected Grants</b>	<b>Previous Paydowns</b>	<b>Authorized But Unissued</b>
					<b>The Notes Due: 7/23/21</b>	<b>The Bonds</b>			
General Capital Improvements 2015-2016 .....	\$ 1,923,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,873,540)	\$ 50,268
General Capital Improvements 2016-2017 .....	1,438,000	345,543	990,000	(990,000)	-	-	-	-	1,092,457
General Capital Improvements 2017-2018 .....	653,325	600,000	-	-	-	-	-	-	53,325
General Capital Improvements 2018-2019 .....	1,100,000	-	-	-	-	-	-	-	1,100,000
High School addition/renovation .....	32,337,885	-	-	-	-	-	21,000,000	(350,000)	10,987,885
Police Headquarters .....	14,388,678	14,380,678	-	-	-	-	-	-	8,000
School Renovations (Rockwell & Johnson) .....	65,831,143	2,064,245	36,000,000	4,000,000	20,000,000	20,000,000	23,766,898	-	-
<b>Total</b> .....	<b>\$ 117,672,839</b>	<b>\$ 17,390,466</b>	<b>\$ 36,990,000</b>	<b>\$ 3,010,000</b>	<b>\$ 20,000,000</b>	<b>\$ 20,000,000</b>	<b>\$ 44,766,898</b>	<b>\$ (2,223,540)</b>	<b>\$ 13,291,935</b>

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

<i>Fiscal Year Ended 6/30</i>	<i>Net Assessed Value</i>	<i>Estimated Full Value</i> <sup>1</sup>	<i>Net Long-Term Debt</i> <sup>2</sup>	<i>Ratio of Net Long-Term Debt to Assessed Value (%)</i> <sup>1</sup>	<i>Ratio of Net Long-Term Debt to Estimated Full Value (%)</i>	<i>Population</i> <sup>3</sup>	<i>Net Long-Term Debt per Capita</i> <sup>2</sup>	<i>Ratio of Net Long-Term Debt per Capita to Per Capita Income</i> <sup>4</sup> (%)
2020 <sup>5</sup>	\$ 2,040,296,000	\$2,914,708,571	\$36,170,000	1.77	1.24	19,551	\$1,850.03	4.02
2019	2,006,451,000	2,866,358,571	38,930,000	1.94	1.36	19,551	1,991.20	4.32
2018	1,943,534,000	2,776,477,143	20,670,000	1.06	0.74	19,551	1,057.23	2.30
2017	1,917,877,000	2,739,824,286	22,265,000	1.16	0.81	19,551	1,138.82	2.47
2016	1,891,231,000	2,701,758,571	24,050,000	1.27	0.89	19,551	1,230.12	2.67

<sup>1</sup> Assessment Ratio, 70%.

<sup>2</sup> Excludes School Construction Grants (principal only).

<sup>3</sup> American Community Survey, 2014-2018

<sup>4</sup> Money Income per Capita, American Community Survey (2018): \$46,066.

<sup>5</sup> Subject to audit.

## Five-year Debt Statement Summary

<i>Long-Term Debt</i>	<i>2020</i> <sup>1</sup>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
Bonds .....	\$ 36,170,000	\$ 38,930,000	\$ 20,670,000	\$ 22,265,000	\$ 24,050,000
<i>Short-Term Debt</i>					
Bond Anticipation Notes ....	36,990,000	13,825,000	24,450,000	10,455,000	11,380,000
<b>Totals .....</b>	<b>\$ 73,160,000</b>	<b>\$ 52,755,000</b>	<b>\$ 45,120,000</b>	<b>\$ 32,720,000</b>	<b>\$ 35,430,000</b>

<sup>1</sup> Subject to audit.

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

<i>Fiscal Year Ended 6/30</i>	<i>Total Debt Service</i>	<i>Total General Fund Expenditures</i> <sup>1</sup>	<i>Ratio of Total Debt Service Expenditures To Total General Fund Expenditures</i>
2020 <sup>2</sup>	\$ 4,934,133	\$ 77,283,536	6.38%
2019	3,830,800	85,436,629	4.48%
2018	2,849,596	83,402,563	3.42%
2017	2,887,040	79,634,303	3.63%
2016	2,968,586	74,596,208	3.98%
2015	2,512,726	72,696,936	3.46%

<sup>1</sup> Includes transfers out.

<sup>2</sup> Budgetary basis and subject to audit.

Source: Town of Bethel, Finance Office

### ***Five-year Capital Improvement Program***

<b><i>Uses</i></b>	<b><i>Fiscal Year</i></b>					<b><i>Total</i></b>
	<b><i>2021</i></b>	<b><i>2022</i></b>	<b><i>2023</i></b>	<b><i>2024</i></b>	<b><i>2025</i></b>	
Assessor.....	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ 200,000
Building.....	-	57,546	57,456	60,528	62,604	238,134
Data Processing.....	-	50,000	-	-	-	50,000
Highway.....	289,000	936,000	900,000	336,000	246,000	2,707,000
Board of Education.....	450,000	395,000	1,695,000	1,576,000	1,736,000	5,852,000
Building Maintenance.....	146,500	534,200	158,000	-	235,000	1,073,700
Fire.....	548,748	282,500	1,360,000	1,690,000	250,000	4,131,248
Police.....	39,669	880,000	250,000	-	-	1,169,669
Senior Center.....	-	-	-	-	-	-
Parks and Recreation.....	530,000	2,342,467	1,325,000	2,630,000	630,000	7,457,467
<b><i>Total.....</i></b>	<b>\$ 2,053,917</b>	<b>\$ 5,527,713</b>	<b>\$ 5,795,456</b>	<b>\$ 6,342,528</b>	<b>\$ 3,159,604</b>	<b>\$ 22,879,218</b>

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## **SECTION VI – FINANCIAL SECTION**

### ***Fiscal Year***

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

### ***Summary of Accounting Principles***

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

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

### ***Budget Procedure***

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

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

On May 14, 2020, the Board of Finance approved a budget which resulted in an increase in the mill rate from 33.41 to 33.74. As the Town operates under State Statute, the budget historically has gone to referendum. However due to COVID-19 and the Connecticut Governor's Executive Order 71 issued March 21, 2020, "the legislative body of a municipality or, in a municipality where the legislative body is a Town Meeting, the Board of Selectmen, shall authorize the budget-making authority within said municipality to adopt a budget for the July 1, 2020 - June 30, 2021 fiscal year." Accordingly, on April 7, 2020, the Board of Selectmen authorized the Board of Finance to meet to vote on the budget. On May 14, 2020, the Board of Finance approved the budget for the July 1, 2020 – July 30, 2021 fiscal year.

### ***Audit***

The Town, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the guidelines outlined by the State of Connecticut Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2019, the financial statements of the various funds of the Town were audited by PKF O'Connor Davies, LLP. PKF O'Connor Davies, LLP has not been asked nor have they given their permission to include their audit report in this Official Statement.

### ***Pension Plans***

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

## Town Plan

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

### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
07/01/19	\$ 33,141,534	\$ 40,777,893	\$ (7,636,359)	81.27%	\$ 6,447,571	(118.44)
07/01/18	31,843,906	37,990,822	(6,146,916)	83.82%	6,754,240	(91.01)
07/01/17	30,411,617	36,004,644	(5,593,027)	84.47%	7,417,168	(75.41)
07/01/16	28,830,877	34,238,475	(5,407,598)	84.21%	7,649,740	(70.69)
07/01/15	25,738,059	30,418,102	(4,680,043)	84.61%	7,607,181	(61.52)
07/01/14	22,610,724	31,586,275	(8,975,551)	71.58%	7,607,181	(117.99)

### Schedule of Employer Contributions

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
06/30/20	\$1,188,623	\$ 1,651,315	138.93%
06/30/19	1,030,940	1,200,000	116.40%
06/30/18	926,377	1,190,000	128.46%
06/30/17	867,137	1,200,000	138.39%
06/30/16	2,013,334	2,751,446	136.66%

## Police Plan

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

### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
07/01/19	\$ 13,275,724	\$ 17,787,226	\$ (4,511,502)	74.64%	\$ 2,761,168	(163.39)
07/01/18	12,065,348	16,813,984	(4,748,636)	71.76%	2,694,316	(176.25)
07/01/17	10,912,425	15,790,952	(4,878,527)	69.11%	2,579,921	(189.10)
07/01/16	9,757,142	15,145,442	(5,388,300)	64.42%	2,443,220	(220.54)
07/01/15	9,049,718	14,523,876	(5,474,158)	62.31%	2,547,952	(214.85)
07/01/14	8,526,588	11,541,281	(3,014,693)	73.88%	2,407,527	(125.22)

### **Schedule of Employer Contributions**

<i>Fiscal Year</i>	<i>Actuarially Determined Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
06/30/20	\$ 881,532	\$ 1,307,602	148.33%
06/30/19	795,459	1,050,000	132.00%
06/30/18	836,141	1,025,000	122.59%
06/30/17	753,358	1,021,720	135.62%
06/30/16	612,450	513,000	83.76%

### **Other Post-Employment Benefits**

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

The Town’s most recent OPEB valuation as of July 1, 2017 lists a liability totaling \$15,490,896. The Town funds OPEB on a pay-go basis though there is approximately \$350,000 in an internal service fund for OPEB funding which may be transferred into an OPEB trust fund in the future. For the fiscal year ending June 30, 2019 the Town, Police and Board of Education’s total plan contribution was \$445,845. For more information see Appendix A – “Audited Financial Statements, Notes to Basic Financial Statements, Note IV.D.” herein.

OPEB Liability - July 1, 2018.....	\$ 14,276,984
Service Cost.....	561,230
Interest.....	564,180
Changes of Assumptions or Other Inputs....	608,316
Benefit Payments.....	(519,814)
Net Change.....	1,213,912
OPEB Liability - July 1, 2019.....	<u>\$ 15,490,896</u>

**Sensitivity Analysis:** The following table presents the OPEB Liability of the Town, calculated using the discount rate of 3.50%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
	<i>2.50%</i>	<i>Discount Rate</i>	<i>3.50%</i>
Town OPEB Liability .....	\$ 17,328,368	\$ 15,490,896	\$ 13,923,095

### **Investment Practices**

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

### Comparative Balance Sheets – General Fund

<b>Assets</b>	<b>Actual 6/30/2019</b>	<b>Actual 6/30/2018</b>	<b>Actual 6/30/2017</b>	<b>Actual 6/30/2016</b>	<b>Actual 6/30/2015</b>
Cash and Cash Equivalents.....	\$ 14,889,882	\$ 13,575,124	\$ 3,277,695	\$ 9,393,710	\$ 2,603,867
Investments.....	17,981,788	20,814,723	21,717,373	13,774,368	19,558,377
Receivables:					
Property Taxes.....	966,014	797,586	793,654	1,096,422	974,384
Intergovernmental.....	-	365,918	365,918	580,656	408,899
Other.....	106,322	10,066	43,149	50,085	61,170
Due from Other Funds.....	778,759	1,431,751	3,303,461	4,297,170	1,990,035
Advance to Other Funds.....	17,708	-	-	-	-
Other.....	91,455	18,024	11,697	-	-
<b>Total Assets.....</b>	<b>34,831,928</b>	<b>37,013,192</b>	<b>29,512,947</b>	<b>29,192,411</b>	<b>25,596,732</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable.....	1,371,922	1,371,922	1,167,740	1,005,622	1,307,695
Accrued Payroll.....	356,170	356,170	238,153	235,390	475,815
Due to Other Funds.....	12,773,348	12,773,348	6,921,289	7,713,613	4,884,521
Deferred Revenue.....	-	-	-	-	-
Unearned Revenue.....	29,975	29,975	29,097	2,332	2,956
Other Liabilities.....	466,707	466,707	284,903	281,339	461,414
Performance Bonds.....	210,789	210,789	308,145	430,922	365,539
Bond Anticipation Notes.....	-	-	-	-	-
<b>Total Liabilities.....</b>	<b>15,208,911</b>	<b>15,208,911</b>	<b>8,949,327</b>	<b>9,669,218</b>	<b>7,497,940</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Resources.....	2,783,354	2,783,354	1,830,803	1,959,746	2,514,885
<b>Total Deferred Resources.....</b>	<b>2,783,354</b>	<b>2,783,354</b>	<b>1,830,803</b>	<b>1,959,746</b>	<b>2,514,885</b>
<b>Fund Balances</b>					
Nonspendable.....	17,865	17,865	30,185	633,029	34,792
Restricted.....	-	-	-	-	-
Committed.....	576,092	576,092	576,092	380,807	264,119
Assigned.....	-	-	-	-	-
Unassigned.....	18,426,970	18,426,970	18,126,550	16,549,611	15,284,996
<b>Total fund balance.....</b>	<b>19,020,927</b>	<b>19,020,927</b>	<b>18,732,827</b>	<b>17,563,447</b>	<b>15,583,907</b>
<b>Total liabilities and fund balance.....</b>	<b>37,013,192</b>	<b>37,013,192</b>	<b>29,512,957</b>	<b>29,192,411</b>	<b>25,596,732</b>
<b>Analysis of General Fund Balance</b>					
Operating revenues.....	\$ 84,789,229	\$ 83,690,663	\$ 81,877,751	\$ 76,575,748	\$ 74,469,096
Fund balance as a percent of					
operating revenues.....	22.43%	22.73%	22.88%	22.94%	20.93%
Unassigned fund balance as					
a percent of operating revenues.....	21.73%	22.02%	22.14%	21.61%	20.53%



## General Fund Revenues and Expenditures

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2016 through 2019 have been derived from audited financial statements. The unaudited for 2019–20 and the budget for 2020–21 is provided by the Town. The Town’s independent accountants have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town of Bethel’s management (Appendix A – “Audited Financial Statements” was taken from the Comprehensive Annual Financial Report of the Town of Bethel for the Fiscal Year ended June 30, 2019).

	<b>Adopted Budget 2020-21</b>	<b>Unaudited Budget 2019-20 <sup>2</sup></b>	<b>Actual 2018-19</b>	<b>Actual 2017-18</b>	<b>Actual 2016-17</b>	<b>Actual 2015-16</b>
<b>Revenues:</b>						
Property Taxes.....	\$ 68,749,823	\$ 67,418,714	\$ 66,541,320	\$63,962,433	\$61,948,866	\$61,102,747
Intergovernmental .....	8,597,537	8,370,230	15,113,964	17,287,467	17,841,944	13,962,715
Charges for Services .....	1,524,150	1,140,900	2,126,852	1,924,851	1,885,995	1,360,750
Use of Money and Property .....	530,000	548,570	1,007,093	515,912	195,769	132,760
Other Revenues .....	363,500	802,213	-	-	5,177	16,776
<b>Total Revenues .....</b>	<b>79,765,010</b>	<b>78,280,627</b>	<b>84,789,229</b>	<b>83,690,663</b>	<b>81,877,751</b>	<b>76,575,748</b>
<b>Expenditures:</b>						
General government .....	15,897,312	15,436,329	13,632,465	13,391,421	13,178,184	13,204,698
Public Safety .....	6,009,472	5,694,482	5,700,236	5,702,655	5,422,193	4,669,257
Public Works .....	3,682,220	3,679,699	3,778,149	330,167	3,389,038	256,294
Health and Welfare .....	375,983	285,248	375,843	3,612,422	327,690	2,878,160
Library .....	894,503	758,173	838,100	859,971	847,143	833,388
Board of Education .....	47,969,807	42,499,276	52,354,500	53,431,408	52,383,015	48,105,825
Debt Service .....	4,935,713	4,934,133	3,830,800	2,849,596	2,887,040	2,968,586
<b>Total Expenditures .....</b>	<b>79,765,010</b>	<b>73,287,340</b>	<b>80,510,093</b>	<b>80,177,640</b>	<b>78,434,303</b>	<b>72,916,208</b>
<b>Revenues over (under) expenditures.....</b>	<b>-</b>	<b>4,993,287</b>	<b>4,279,136</b>	<b>3,513,023</b>	<b>3,443,448</b>	<b>3,659,540</b>
<b>Other Financing Sources Uses:</b>						
Proceeds of Refunding Bonds .....	-	-	-	-	-	-
Payment to Refunding Escrow .....	-	-	-	-	-	-
Premiums on Bonds Issued .....	-	365,212	-	-	-	-
Proceeds from Sale of Assets .....	-	-	-	-	-	-
Operating Transfers In .....	-	-	-	-	-	-
Operating Transfers (Out) .....	-	(3,996,500)	(4,926,536)	(3,224,923)	(1,200,000)	(1,680,000)
<b>Total other Financing Sources (uses) .....</b>	<b>-</b>	<b>(3,631,288)</b>	<b>(4,926,536)</b>	<b>(3,224,923)</b>	<b>(1,200,000)</b>	<b>(1,680,000)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses...</b>	<b>-</b>	<b>1,361,999</b>	<b>(647,400)</b>	<b>288,100</b>	<b>2,243,448</b>	<b>1,979,540</b>
<b>Fund Balance, Beginning .....</b>	<b>19,735,526</b>	<b>18,373,527</b>	<b>19,020,927</b>	<b>18,732,827</b>	<b>17,563,447</b>	<b>15,583,907</b>
Restatement .....	-	-	-	-	(1,074,068)	-
<b>Fund Balance, Ending .....</b>	<b>N/A</b>	<b>\$ 19,735,526</b>	<b>\$ 18,373,527</b>	<b>\$19,020,927</b>	<b>\$18,732,827</b>	<b>\$17,563,447</b>

<sup>1</sup> Budgetary basis and subject to audit.

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

## **SECTION VII – ADDITIONAL INFORMATION**

### ***Litigation***

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

### ***Documents Furnished at Delivery***

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

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman and the Comptroller, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Hartford and Bridgeport, Connecticut for the Bonds and the Notes in substantially the forms attached hereto as Appendices B-1 and B-2.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
6. The Town of Bethel has prepared an Official Statement for the Bonds and the Notes which is dated July \_\_\_, 2020. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Bonds twenty-five (25) copies, and of the Notes five (5) copies, of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the Town's municipal advisor no later than seven business days of the bid opening. If the Town's municipal advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchasers shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchasers.

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

### **Concluding Statement**

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

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

By /s/

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Matthew S. Knickerbocker  
First Selectman

By /s/

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Robert V. Kozlowski  
Comptroller

Dated as of July \_\_, 2020

## ***Appendix A***

### ***Excerpts from the Town's Comprehensive Annual Financial Report For Fiscal Year Ending June 30, 2019***

The following includes excerpts from the Comprehensive Annual Financial Report of the Town of Bethel, Connecticut for the fiscal year ended June 30, 2019. The supplemental data which was a part of the report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bethel, Connecticut ("Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

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

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund and the aggregate remaining fund information of the Town of Bethel, Connecticut, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
December 30, 2019



# COMPTROLLER'S OFFICE

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

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

## Management's Discussion and Analysis For the Year Ended June 30, 2019

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As management of the Town of Bethel, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial position and activities of the Town for the fiscal year ended June 30, 2019.

### **Financial Highlights**

- On a government-wide basis, the Town's total net position increased by \$5,598,390 for the fiscal year, \$3,865,770 of which was generated by governmental activities and \$1,732,620 from business-type activities. The main reasons for the increase were as follows:
  - Positive operations of the general fund of \$4,279,136 before transfers of \$4,926,536 to the debt service and capital nonrecurring funds
  - Negative operations of the bonded projects fund of (\$8,017,186) due to the use of short-term financing
  - The differences in the basis of accounting between the modified accrual basis used for the governmental funds as compare to the government wide financial statement that use the accrual basis of accounting (Exhibit E) . The two most significant accounts impacted by the different basis of accounting are capital assets and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$7,701,758, partially offset by net debt activity.
- Business-type activities reported an increase in net position of \$1,732,620 due to the positive operations of the water fund of \$569,763 and of the sewer fund of \$1,162,857.
- The Town's combined net position totals \$128,019,241. Of this amount, \$17,844,016 is available (unrestricted) to finance ongoing programs. This includes \$15,926,258 for business-type activities, while the governmental activities resulted in a balance of \$1,917,758.
- At year end, the unassigned fund balance for the general fund was \$17,992,096 or 22.92% of total general fund budgetary basis expenditures and transfers out.
- The Town's long-term debt decreased by \$2,026,038. The decrease is the result of scheduled debt service payments of \$2,930,612 offset by the issuance of drinking water loans of \$633,148 and equipment financing notes of \$271,426.



## **Overview of the Basic Financial Statements**

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

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

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

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

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

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

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

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

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, bonded projects, and capital nonrecurring funds 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 other governmental funds is provided on Schedules 4 and 5 of this report.

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

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

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

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

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

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

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$128,019,241 at the close of the fiscal year.

The largest portion of the Town's net position (85.18%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (0.88%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals \$17,844,016.

**Summary Statement of Net Position**  
**June 30**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 44,036,151	\$38,483,821	\$17,528,543	\$16,595,447	\$ 61,564,694	\$ 55,079,268
Capital assets (net)	137,952,066	130,355,628	39,213,269	38,299,674	177,165,335	168,655,302
Total assets	181,988,217	168,839,449	56,741,812	54,895,121	238,730,029	223,734,570
Deferred outflows of resources	1,460,677	748,885	79,403	41,043	1,540,080	789,928
Long-term liabilities outstanding	69,051,592	69,512,535	16,155,264	16,358,791	85,206,856	85,871,326
Other liabilities	23,584,107	11,362,846	1,739,295	1,367,838	25,323,402	12,730,684
Total liabilities	92,635,699	80,875,381	17,894,559	17,726,629	110,530,258	98,602,010
Deferred inflows of resources	1,479,325	3,244,853	241,285	256,784	1,720,610	3,501,637
Net investment in capital assets	86,287,093	85,555,251	22,759,113	21,857,002	109,046,206	107,412,253
Restricted	1,129,019	634,475	-	-	1,129,019	634,475
Unrestricted	1,917,758	(721,626)	15,926,258	15,095,749	17,844,016	14,374,123
Total net position	\$ 89,333,870	\$85,468,100	\$38,685,371	\$36,952,751	\$ 128,019,241	\$ 122,420,851

The Town's total net position increased by \$5,598,390 during the current fiscal year. The main reasons for the increase are as follows:

**Governmental activities.** Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. For the fiscal year, net position increased \$3,865,770. The main reasons for the increase were positive operations of the general fund of \$4,279,136 before transfers of \$4,926,536 to the debt service and capital nonrecurring funds offset by the negative operations of the bonded projects funds of (\$8,017,186) and the differences in the basis of accounting between the modified accrual basis used for the governmental funds as compare to the government wide financial statement that use the accrual basis of accounting. The two most significant accounts impacted by the different basis of accounting are capital assets and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$7,701,758, partially offset by net debt activity that accounted for the balance of the increase.

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

**Business-type activities.** Business-type activities reported an increase in net position of \$1,732,620 due to the positive operations of the water fund of \$569,763 and positive operations of the sewer fund of \$1,162,857 during the current year. This was substantially due to a capital grant in the sewer fund for the sanitary sewer evaluation and design and decreases in the water and sewer funds for contracted services and capital improvements as compared to the prior year.

## Management's Discussion and Analysis (continued)

### Statement of Changes in Net Position For the Years Ended June 30

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,620,026	\$ 3,153,971	\$ 5,507,040	\$ 5,256,119	\$ 9,127,066	\$ 8,410,090
Operating grants and contributions	17,234,005	20,464,825	-	-	17,234,005	20,464,825
Capital grants and contributions	1,059,463	1,848,471	531,808	223,294	1,591,271	2,071,765
General revenues:						
Property taxes	66,738,717	63,965,879	-	-	66,738,717	63,965,879
Grants and contributions not restricted to specific programs	350,689	478,996	-	-	350,689	478,996
Income from investments	1,009,997	518,409	5,410	23,202	1,015,407	541,611
Total revenues	90,012,897	90,430,551	6,044,258	5,502,615	96,057,155	95,933,166
Expenses:						
General government	8,537,493	8,611,311	-	-	8,537,493	8,611,311
Public safety	9,323,403	8,880,407	-	-	9,323,403	8,880,407
Health and welfare	510,481	425,227	-	-	510,481	425,227
Public works	5,411,402	4,867,475	-	-	5,411,402	4,867,475
Library	1,414,422	1,381,685	-	-	1,414,422	1,381,685
Education	59,234,076	59,549,180	-	-	59,234,076	59,549,180
Interest	1,715,850	927,623	-	-	1,715,850	927,623
Water department	-	-	1,846,712	1,519,692	1,846,712	1,519,692
Sewer department	-	-	2,464,926	3,048,375	2,464,926	3,048,375
Total expenses	86,147,127	84,642,908	4,311,638	4,568,067	90,458,765	89,210,975
Change in net position	3,865,770	5,787,643	1,732,620	934,548	5,598,390	6,722,191
Net position - July 1	85,468,100	79,680,457	36,952,751	36,018,203	122,420,851	115,698,660
Net position - June 30	\$ 89,333,870	\$ 85,468,100	\$ 38,685,371	\$ 36,952,751	\$ 128,019,241	\$ 122,420,851

### **Governmental Activities - Revenues**

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

- Operating grants and contributions decreased \$3,230,820 primarily due to a decrease in the on-behalf amount for the Town's allocable share of the State's contribution for the State Teachers' pension and OPEB Plans of \$2,897,021.
- Property taxes increased by \$2,772,838 primarily due to the increase in the tax levy due to the increase in budgeted expenditures and decreases in State funding.

### **Governmental Activities - Expenses**

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

- Education expenses decreased \$315,104 due to a decrease in the on-behalf amount for the Town's allocable share of the expense for the State Teachers' pension and OPEB plans of \$2,897,021 offset by an increase in the education budget of \$1,607,744 and an increase in pension expense.
- Public works expenses increased by \$543,927 substantially due to increases in employee benefits of \$190,131 and paving expenses of \$213,765.
- Public safety expenses increased \$442,996 substantially due to increases in accrued vacation and sick time of \$200,208 and depreciation expense of \$133,353 due to capitalization of the police station.

### **Business-Type Activities - Revenues**

- Charges for services increased \$250,921 over the prior year due to an increase in fees.
- Capital grants and contributions increased by \$308,514 during the year due to receipt of clean water fund grants for the sanitary sewer evaluation study. This resulted in revenue of \$56,759 for the Briar Cliff Project and \$112,661 for various main replacements.

### **Business-Type Activities - Expenses**

- Water expenses increased \$327,020 substantially due to an approximately \$295,000 increase in maintenance and other items below the capitalization threshold.
- Sewer expenses decreased \$583,449 substantially due to a \$503,133 decrease in contracted expenses for various maintenance projects and environmental testing.

### **Financial Analysis of the Town's Funds**

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

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

The combined fund balances of governmental funds is \$21,117,022. Of this amount, \$17,708 relates to nonspendable advances, \$1,129,019 is restricted, \$5,916,086 is committed and \$3,705,191 is assigned. The balance of \$10,349,018 is unassigned fund balance.

#### **General Fund**

The general fund is the operating fund of the Town. The fund balance of the general fund decreased by \$647,400 for the current fiscal year. The major factors for this decrease were increased property tax revenues over budget expectations of \$1,735,286 and intergovernmental revenue over budgeted expectations by \$733,015 offset by transfers out from appropriation of fund balance of \$3,630,000 to the capital nonrecurring fund and the debt service fund.

## Management's Discussion and Analysis (continued)

For expenditures, accounts with positive budgetary results were transferred to cover overages in other accounts and the transfer to the debt service fund. The most significant department under spent was general government by \$457,169 (before budget transfers) due to decreases in insurance and payroll related benefits costs.

### Bonded Projects Fund

The Bonded Projects Fund's net change in fund balance was a decrease of \$8,017,186 for the fiscal year. This is a result of renovation costs for Johnson and Rockwell schools funded with bond anticipation notes. Once the projects are completed they will be financed with bonds and the deficit fund balance will be eliminated.

### Capital Nonrecurring Fund

The Capital Nonrecurring Fund's net change in fund balance was an increase of \$2,544,451 for the fiscal year due to transfers in from the general fund for future capital items.

**Proprietary funds.** The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds generated an increase in net position of \$1,732,620 detailed as follows:

### Water Department

Net position of the water department at the end of the year amounted to \$5,058,846 an increase of \$569,763. This was substantially due to an increase in fees of \$180,322, a capital grant of \$169,421 as well as less capital improvement expenses \$106,909 compared to the prior year.

### Sewer Department

Net position of the sewer department at the end of the year amounted to \$33,626,525, an increase of \$1,162,857. This was due primarily to a decrease in contracted services of \$503,133 for less maintenance projects occurring and environmental testing as well as an increase in a capital grant of \$362,387 for the clean water funds.

### General Fund Budgetary Highlights

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

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<b>Revenues and Other Financing Sources</b>					
Property taxes	\$ 64,806,034	\$ -	\$ 64,806,034	\$ 66,541,320	\$1,735,286
Intergovernmental	7,835,042	-	7,835,042	8,568,057	733,015
Charges for services, use of money and property, and other	2,011,448	-	2,011,448	2,889,650	878,202
Appropriation of fund balance	-	3,839,782	3,839,782	-	(3,839,782)
Totals	<u>74,652,524</u>	<u>3,839,782</u>	<u>78,492,306</u>	<u>77,999,027</u>	<u>(493,279)</u>
<b>Expenditures and Other Financing Uses</b>					
Expenditures	73,877,524	(586,754)	73,290,770	73,290,770	-
Transfers out	<u>775,000</u>	<u>4,426,536</u>	<u>5,201,536</u>	<u>5,201,536</u>	-
Totals	<u>\$ 74,652,524</u>	<u>\$ 3,839,782</u>	<u>\$ 78,492,306</u>	<u>\$ 78,492,306</u>	<u>\$ -</u>

### **General Fund Budgetary Highlights**

The most significant budget transfers were as follows:

- The budget for employee benefits (general government) was decreased \$423,680 for additional expenditures in other departments as insurance premiums came in less than anticipated.
- Increase of \$3,630,000 to appropriations of fund balance and transfers out to the debt service fund of \$990,000 for payments on bond anticipation notes and to the capital nonrecurring fund of \$2,640,000 for future capital projects.

### **Capital Assets and Debt Administration**

The Town's investment in capital assets in both governmental and business-type activities amounted to \$177,165,335, net of depreciation. This includes land, intangible assets, buildings, equipment and infrastructure (roads and bridges). Capital assets for governmental activities increased by 5.83% and business-type capital assets increased by 2.39%.

#### **Capital Assets - Net June 30**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 6,957,720	\$ 6,957,720	\$ 157,072	\$ 157,072	\$ 7,114,792	\$ 7,114,792
Construction in progress	7,873,344	15,291,811	3,342,223	3,097,268	11,215,567	18,389,079
Land improvements	2,726,179	2,206,362	-	-	2,726,179	2,206,362
Intangible assets	69,221	75,815	6,251,564	6,414,523	6,320,785	6,490,338
Buildings	78,099,170	64,907,118	398,178	460,745	78,497,348	65,367,863
Building improvements	11,339,396	11,859,948	98,789	103,550	11,438,185	11,963,498
Distribution and collection system	-	-	28,122,973	27,394,896	28,122,973	27,394,896
Machinery and equipment	3,547,576	3,713,339	807,212	632,636	4,354,788	4,345,975
Vehicles	4,961,758	4,299,971	35,258	38,984	4,997,016	4,338,955
Infrastructure	22,377,702	21,043,544	-	-	22,377,702	21,043,544
<b>Total</b>	<b>\$ 137,952,066</b>	<b>\$ 130,355,628</b>	<b>\$ 39,213,269</b>	<b>\$ 38,299,674</b>	<b>\$ 177,165,335</b>	<b>\$ 168,655,302</b>

The most significant capital asset additions were as follows:

#### **Governmental activities:**

- Construction in progress additions were \$8,442,887 during the year. This was offset by a \$15,861,354 transfer of completed projects to depreciable capital assets. Additions included \$5,767,789 for various school renovations and \$2,240,059 for the police station.
- Infrastructure additions totaled \$1,876,735 for various roads. \$788,291 of these additions came from construction in progress.

**Capital Assets and Debt Administration (continued)**

- Buildings additions were increased \$14,493,656 due to the police station from construction in progress.
- \$519,541 of equipment was purchased, primarily for computers and other technology equipment.
- \$973,988 in vehicles were purchased, including a fire truck and several police cars.
- Land improvements increased \$662,403 primarily due to the School Street streetscape project.

**Business-type Activities:**

- Construction in progress increased \$1,016,806 due to a number of projects during the year including the Briar Cliff mains project of \$236,517 and Bergstrom Field of \$300,179. This was offset by a \$771,851 transfer of completed projects to distribution and collection system.

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

**Long-term Debt**

During the year, the Town's long-term debt decreased by \$2,026,038. The decrease is the result of scheduled debt service payments of \$2,930,612 offset by the issuance of drinking water loans of \$633,148 and equipment financing notes of \$271,426. At the end of the current fiscal year, the Town had total bonded and long-term debt outstanding of \$58,239,696, which is backed by the full faith and credit of the Town.

**Outstanding Long-Term Debt**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General purpose bonds	\$22,610,000	\$ 23,095,000	\$11,880,000	\$12,655,000	\$ 34,490,000	\$ 35,750,000
School bonds	16,320,000	17,575,000	-	-	16,320,000	17,575,000
Equipment financing notes	3,520,414	3,500,472	-	-	3,520,414	3,500,472
Drinking water loan	-	-	3,909,282	3,440,262	3,909,282	3,440,262
Total	<u>\$42,450,414</u>	<u>\$ 44,170,472</u>	<u>\$ 15,789,282</u>	<u>\$ 16,095,262</u>	<u>\$ 58,239,696</u>	<u>\$ 60,265,734</u>

The Town maintains an "AA2" rating from Moody's and an "AAA" from Standard and Poor's and Fitch for general obligation debt.

The overall statutory debt limit for the Town is equal to seven times the prior year annual receipts from taxation or \$447,735,645, which is significantly in excess of the Town's outstanding general obligation debt.

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



### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the Town is currently 3.5%, which is a decrease from fiscal year 2018. This is lower than both the State's average unemployment rate of 3.9% and the national average of 3.7%.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut's economic and business growth remains flat. This lack of growth will have a negative impact on the amount of revenue the State receives from taxes. This will affect the amount of intergovernmental revenues the Town will receive in fiscal year 2020 and thereafter.

Town officials considered many factors when setting the fiscal year 2020 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to our residents and taxpayers.

The 2020 general fund budget is \$77,991,516, an increase of 4.5% over the prior year. Non-tax revenue remained relatively consistent.

### **Requests for Information**

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

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## **Basic Financial Statements**

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Town of Bethel, Connecticut

Statement of Net Position  
June 30, 2019

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 16,266,088	\$ 594,867	\$ 16,860,955
Investments	29,496,886	411,047	29,907,933
Receivables:			
Property taxes	266,201	-	266,201
Assessments	-	2,455,720	2,455,720
Intergovernmental	253,602	-	253,602
Other	106,322	423,138	529,460
Internal balances	(3,820,893)	3,820,893	-
Other	107,641	-	107,641
Total current assets	42,675,847	7,705,665	50,381,512
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash	355,926	-	355,926
Receivables (net):			
Property taxes	678,771	-	678,771
Assessments	-	9,822,878	9,822,878
Loan	325,607	-	325,607
Total receivables (net)	1,004,378	9,822,878	10,827,256
Capital assets (net of accumulated depreciation):			
Land	6,957,720	157,072	7,114,792
Construction in progress	7,873,344	3,342,223	11,215,567
Land improvements	2,726,179	-	2,726,179
Intangible assets	69,221	6,251,564	6,320,785
Buildings	78,099,170	398,178	78,497,348
Building improvements	11,339,396	98,789	11,438,185
Distribution and collection system	-	28,122,973	28,122,973
Machinery and equipment	3,547,576	807,212	4,354,788
Vehicles	4,961,758	35,258	4,997,016
Infrastructure	22,377,702	-	22,377,702
Total capital assets (net of accumulated depreciation)	137,952,066	39,213,269	177,165,335
Total noncurrent assets	139,312,370	49,036,147	188,348,517
Total assets	181,988,217	56,741,812	238,730,029
<u>Deferred Outflows of Resources</u>			
Pension related	929,500	52,621	982,121
OPEB related	531,177	26,782	557,959
Total deferred outflows of resources	1,460,677	79,403	1,540,080

(Continued)

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

Town of Bethel, Connecticut

Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 4,309,929	\$ 347,611	\$ 4,657,540
Retainage payable	232,399	-	232,399
Accrued payroll and related liabilities	548,497	17,104	565,601
Accrued interest payable	257,814	40,375	298,189
Unearned revenue	1,480	-	1,480
Performance bonds	307,216	-	307,216
Bond anticipation notes	13,825,000	-	13,825,000
Interim funding obligation	-	337,985	337,985
Bonds and notes payable	3,003,480	983,467	3,986,947
Compensated absences	740,237	12,753	752,990
Other liabilities	358,055	-	358,055
Total current liabilities	23,584,107	1,739,295	25,323,402
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	40,694,672	14,910,115	55,604,787
Compensated absences	2,960,946	51,013	3,011,959
Net pension liability	10,648,641	450,573	11,099,214
OPEB liability	14,747,333	743,563	15,490,896
Total noncurrent liabilities	69,051,592	16,155,264	85,206,856
Total liabilities	92,635,699	17,894,559	110,530,258
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	300,931	-	300,931
Deferred charge on refunding	342,164	222,589	564,753
Pension related	469,036	182	469,218
OPEB related	367,194	18,514	385,708
Total deferred inflows of resources	1,479,325	241,285	1,720,610
<u>Net Position</u>			
Net investment in capital assets	86,287,093	22,759,113	109,046,206
Restricted for:			
General government	343,496	-	343,496
Public safety	89,048	-	89,048
Health and welfare	40,839	-	40,839
Housing rehabilitation program	464,130	-	464,130
Education	191,506	-	191,506
Unrestricted	1,917,758	15,926,258	17,844,016
Total net position	\$ 89,333,870	\$ 38,685,371	\$ 128,019,241

(Concluded)

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

## Town of Bethel, Connecticut

Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,537,493	\$ 1,770,067	\$ 4,505	\$ 778,166	\$ (5,984,755)	\$ -	\$ (5,984,755)
Public safety	9,323,403	296,347	-	56,875	(8,970,181)	-	(8,970,181)
Health and welfare	510,481	35,806	7,296	-	(467,379)	-	(467,379)
Public works	5,411,402	190,153	323,296	224,422	(4,673,531)	-	(4,673,531)
Library	1,414,422	8,633	47,855	-	(1,357,934)	-	(1,357,934)
Education	59,234,076	1,319,020	16,851,053	-	(41,064,003)	-	(41,064,003)
Interest	1,715,850	-	-	-	(1,715,850)	-	(1,715,850)
Total governmental activities	86,147,127	3,620,026	17,234,005	1,059,463	(64,233,633)	-	(64,233,633)
Business-type activities:							
Water department	1,846,712	2,247,036	-	169,421	-	569,745	569,745
Sewer department	2,464,926	3,260,004	-	362,387	-	1,157,465	1,157,465
Total business-type activities	4,311,638	5,507,040	-	531,808	-	1,727,210	1,727,210
Total	\$ 90,458,765	\$ 9,127,066	\$ 17,234,005	\$ 1,591,271	(64,233,633)	1,727,210	(62,506,423)
General revenues:							
Property taxes					66,738,717	-	66,738,717
Grants and contributions not restricted to specific programs					350,689	-	350,689
Income from investments					1,009,997	5,410	1,015,407
Total general revenues					68,099,403	5,410	68,104,813
Change in net position					3,865,770	1,732,620	5,598,390
Net position - July 1, 2018					85,468,100	36,952,751	122,420,851
Net position - June 30, 2019					\$ 89,333,870	\$ 38,685,371	\$ 128,019,241

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

Town of Bethel, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 14,533,956	\$ -	\$ 330,441	\$ 680,365	\$ 15,544,762
Restricted cash	355,926	-	-	-	355,926
Investments	17,981,788	9,349,858	768,598	-	28,100,244
Receivables (net):					
Property taxes	966,014	-	-	-	966,014
Intergovernmental	-	-	153,709	99,893	253,602
Loan	-	-	-	325,607	325,607
Other	106,322	-	-	-	106,322
Due from other funds	778,759	-	3,139,638	5,080,736	8,999,133
Advance to other funds	17,708	-	-	-	17,708
Other	91,455	-	-	16,186	107,641
Total assets	<u>\$ 34,831,928</u>	<u>\$ 9,349,858</u>	<u>\$ 4,392,386</u>	<u>\$ 6,202,787</u>	<u>\$ 54,776,959</u>
<u>Liabilities</u>					
Liabilities:					
Accounts payable	\$ 1,275,455	\$ 2,887,116	\$ 31,605	\$ 109,920	\$ 4,304,096
Retainage payable	-	232,399	-	-	232,399
Accrued payroll and related liabilities	548,497	-	-	-	548,497
Due to other funds	12,700,753	30,000	-	67,788	12,798,541
Unearned revenue	1,480	-	-	-	1,480
Bond anticipation notes	-	13,825,000	-	-	13,825,000
Performance bonds	307,216	-	-	-	307,216
Other liabilities	358,055	-	-	-	358,055
Advance from other funds	-	-	-	17,708	17,708
Total liabilities	<u>15,191,456</u>	<u>16,974,515</u>	<u>31,605</u>	<u>195,416</u>	<u>32,392,992</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	966,014	-	-	-	966,014
Advance property tax collections	300,931	-	-	-	300,931
Total deferred inflows of resources	<u>1,266,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,266,945</u>
<u>Fund Balances</u>					
Nonspendable	17,708	-	-	-	17,708
Restricted	-	-	-	1,129,019	1,129,019
Committed	363,723	-	4,360,781	1,191,582	5,916,086
Assigned	-	-	-	3,705,191	3,705,191
Unassigned	17,992,096	(7,624,657)	-	(18,421)	10,349,018
Total fund balances	<u>18,373,527</u>	<u>(7,624,657)</u>	<u>4,360,781</u>	<u>6,007,371</u>	<u>21,117,022</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,831,928</u>	<u>\$ 9,349,858</u>	<u>\$ 4,392,386</u>	<u>\$ 6,202,787</u>	<u>\$ 54,776,959</u>

(Continued)

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

**Town of Bethel, Connecticut**  
**Reconciliation of Fund Balance**  
**to Net Position of Governmental Activities**  
**June 30, 2019**

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

Total fund balance (Exhibit C, Page 1 of 2)	\$ 21,117,022
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	130,355,628
Capital assets additions (net of construction in progress)	11,196,995
Depreciation expense	(3,495,237)
Disposal of capital assets	(105,320)

Other long-term assets are not available resources and, therefore, are not reported in the funds:

Property tax interest and lien accrual	203,958
Allowance for doubtful accounts	(225,000)

Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property tax receivable - accrual basis change	966,014
Deferred outflows related to pensions	929,500
Deferred outflows related to OPEB	531,177

Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,090,650
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Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(42,450,414)
Premium	(1,247,738)
Compensated absences	(3,701,183)
Net pension liability	(10,648,641)
OPEB liability	(14,747,333)
Accrued interest payable	(257,814)
Deferred charge on refunding	(342,164)
Deferred inflows related to pensions	(469,036)
Deferred inflows related to OPEB	(367,194)

Net position of governmental activities (Exhibit A)	\$ 89,333,870
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(Concluded)

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

## Town of Bethel, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For The Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 66,541,320	\$ -	\$ -	\$ -	\$ 66,541,320
Intergovernmental	15,113,964	778,166	224,422	2,484,060	18,600,612
Charges for services	2,126,852	-	6,958	1,486,216	3,620,026
Use of money and property	1,007,093	-	2,481	423	1,009,997
Contributions	-	-	-	43,545	43,545
Total revenues	<u>84,789,229</u>	<u>778,166</u>	<u>233,861</u>	<u>4,014,244</u>	<u>89,815,500</u>
Expenditures:					
Current:					
General government	13,632,465	-	-	152,789	13,785,254
Public safety	5,700,236	-	-	49,721	5,749,957
Health and welfare	375,843	-	-	26,440	402,283
Public works	3,778,149	-	-	-	3,778,149
Library	838,100	-	-	19,467	857,567
Education	52,354,500	-	-	3,692,023	56,046,523
Debt service	3,830,800	-	-	-	3,830,800
Capital outlay	-	10,023,679	829,410	-	10,853,089
Total expenditures	<u>80,510,093</u>	<u>10,023,679</u>	<u>829,410</u>	<u>3,940,440</u>	<u>95,303,622</u>
Excess (deficiency) of revenues over expenditures	<u>4,279,136</u>	<u>(9,245,513)</u>	<u>(595,549)</u>	<u>73,804</u>	<u>(5,488,122)</u>
Other financing sources (uses):					
Issuance of debt	-	271,426	-	-	271,426
Premium	-	956,901	-	-	956,901
Transfers in	-	-	3,140,000	1,786,536	4,926,536
Transfers out	(4,926,536)	-	-	-	(4,926,536)
Net other financing sources (uses)	<u>(4,926,536)</u>	<u>1,228,327</u>	<u>3,140,000</u>	<u>1,786,536</u>	<u>1,228,327</u>
Net change in fund balances	(647,400)	(8,017,186)	2,544,451	1,860,340	(4,259,795)
Fund balances - July 1, 2018	<u>19,020,927</u>	<u>392,529</u>	<u>1,816,330</u>	<u>4,147,031</u>	<u>25,376,817</u>
Fund Balances - June 30, 2019	<u>\$ 18,373,527</u>	<u>\$ (7,624,657)</u>	<u>\$ 4,360,781</u>	<u>\$ 6,007,371</u>	<u>\$ 21,117,022</u>

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



## Town of Bethel, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to Statement of Activities  
For The Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ (4,259,795)

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	11,196,995
Depreciation expense	<u>(3,495,237)</u>

Total	<u>7,701,758</u>
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Loss on disposal of assets	<u>(105,320)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Change in property tax receivable - accrual basis change	168,428
Change in property tax interest and lien receivable	<u>28,969</u>

Total	<u>197,397</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of bonds and notes	(271,426)
Premium	(956,901)
Principal repayments:	
Bonds and notes	1,991,484
Capital lease	<u>218,759</u>
Total	<u>981,916</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:

Amortization of premium	189,708
Compensated absences	127,826
Pension expense	(529,505)
OPEB expense	(1,155,644)
Accrued interest payable	(47,208)
Amortization of deferred charges	(19,034)
Amortization of deferred outflows related to pension	180,615
Amortization of deferred inflows related to pension	63,296
Amortization of deferred outflows related to OPEB	531,177
Amortization of deferred inflows related to OPEB	<u>36,429</u>
Total	<u>(622,340)</u>

The net revenue (expenses) of the activities of the internal service funds is reported with governmental activities	<u>(27,846)</u>
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Change in net position of governmental activities (Exhibit B)	<u><u>\$ 3,865,770</u></u>
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The notes to the financial statements are an integral part of this statement.

**Town of Bethel, Connecticut**

**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
<u>Assets</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Totals</u>	
Current assets:				
Cash	\$ 18,636	\$ 576,231	\$ 594,867	\$ 721,326
Investments	-	411,047	411,047	1,396,642
Receivables (net):				
Assessments	-	2,455,720	2,455,720	-
User fee	168,499	254,639	423,138	-
Due from other funds	-	4,900,090	4,900,090	-
Total current assets	187,135	8,597,727	8,784,862	2,117,968
Noncurrent assets:				
Receivables:				
Assessments	-	9,822,878	9,822,878	-
Capital assets (net):				
Land	24,123	132,949	157,072	-
Construction in progress	2,974,516	367,707	3,342,223	-
Intangible assets	3,543	6,248,021	6,251,564	-
Buildings	167,351	230,827	398,178	-
Building improvements	94,439	4,350	98,789	-
Distribution and collection system	7,810,011	20,312,962	28,122,973	-
Machinery and equipment	30,975	776,237	807,212	-
Vehicles	35,258	-	35,258	-
Total capital assets (net)	11,140,216	28,073,053	39,213,269	-
Total noncurrent assets	11,140,216	37,895,931	49,036,147	-
Total assets	11,327,351	46,493,658	57,821,009	2,117,968
<u>Deferred Outflows of Resources</u>				
Pension related	30,069	22,552	52,621	-
OPEB related	16,069	10,713	26,782	-
Total deferred outflows of resources	46,138	33,265	79,403	-

(Continued)

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

Town of Bethel, Connecticut

Statement of Fund Net Position  
Proprietary Funds  
June 30, 2019

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
<u>Liabilities</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Totals</u>	
Current liabilities:				
Accounts payable	\$ 209,214	\$ 138,397	\$ 347,611	\$ 5,833
Accrued payroll and related liabilities	12,269	4,835	17,104	-
Accrued interest payable	4,121	36,254	40,375	-
Due to other funds	1,079,197	-	1,079,197	21,485
Interim funding obligation	337,985	-	337,985	-
Bonds and notes payable	203,467	780,000	983,467	-
Compensated absences	9,551	3,202	12,753	-
Total current liabilities	1,855,804	962,688	2,818,492	27,318
Noncurrent liabilities:				
Bonds, notes and related liabilities	3,705,815	11,204,300	14,910,115	-
Compensated absences	38,204	12,809	51,013	-
Net pension liability	257,470	193,103	450,573	-
OPEB liability	446,138	297,425	743,563	-
Total noncurrent liabilities	4,447,627	11,707,637	16,155,264	-
Total liabilities	6,303,431	12,670,325	18,973,756	27,318
<u>Deferred Inflows of Resources</u>				
Deferred charge on refunding	-	222,589	222,589	-
Pension related	104	78	182	-
OPEB related	11,108	7,406	18,514	-
Total deferred inflows of resources	11,212	230,073	241,285	-
<u>Net Position</u>				
Net investment in capital assets	6,892,949	15,866,164	22,759,113	-
Unrestricted	(1,834,103)	17,760,361	15,926,258	2,090,650
Total net position	\$ 5,058,846	\$ 33,626,525	\$ 38,685,371	\$ 2,090,650

(Concluded)

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

## Town of Bethel, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For The Year Ended June 30, 2019**

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
Operating revenues:				
Charges for services	\$2,247,036	\$ 2,787,662	\$ 5,034,698	\$ 9,370
Operating expenses:				
Personnel services	799,328	486,054	1,285,382	-
Repairs and maintenance	293,954	156,018	449,972	-
Contracted services	277,677	757,568	1,035,245	-
Materials and supplies	55,951	19,902	75,853	-
Utilities	121,840	95,454	217,294	-
Insurance	27,052	19,023	46,075	-
Claims incurred	-	-	-	70,000
Depreciation and amortization	209,702	497,515	707,217	-
Total operating expenses	1,785,504	2,031,534	3,817,038	70,000
Operating income (loss)	461,532	756,128	1,217,660	(60,630)
Nonoperating revenues (expenses):				
Capital grant	169,421	362,387	531,808	-
Income from investments	18	5,392	5,410	32,784
Assessment bond interest	-	472,342	472,342	-
Interest expense	(61,208)	(433,392)	(494,600)	-
Net nonoperating revenues (expenses)	108,231	406,729	514,960	32,784
Change in net position	569,763	1,162,857	1,732,620	(27,846)
Total net position - July 1, 2018	4,489,083	32,463,668	36,952,751	2,118,496
Total net position - June 30, 2019	\$5,058,846	\$33,626,525	\$ 38,685,371	\$ 2,090,650

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

## Town of Bethel, Connecticut

**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2019**

	Business-type Activities Enterprise Funds			
	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 2,231,737	\$ 2,764,942	\$ 4,996,679	\$ 9,370
Payments to suppliers	(1,279,315)	(948,139)	(2,227,454)	-
Payments to employees	(757,523)	(1,875,620)	(2,633,143)	-
Claims paid	-	-	-	(70,000)
Net cash from operating activities	194,899	(58,817)	136,082	(60,630)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,195,105)	(425,707)	(1,620,812)	-
Assessments	-	881,326	881,326	-
Assessment bond interest	-	472,342	472,342	-
Proceeds from grants and state drinking water loans	1,224,513	362,387	1,586,900	-
Principal payments (bonds and bond anticipation notes)	(164,128)	(775,000)	(939,128)	-
Interest payments	(60,179)	(456,532)	(516,711)	-
Net cash from capital and related financing activities	(194,899)	58,816	(136,083)	-
Cash flows from investing activities:				
Income from investments	18	5,392	5,410	32,784
Increase (decrease) in cash	18	5,391	5,409	(27,846)
Cash and cash equivalents - July 1, 2018	18,618	981,887	1,000,505	2,145,814
Cash and cash equivalents - June 30, 2019	<u>\$ 18,636</u>	<u>\$ 987,278</u>	<u>\$ 1,005,914</u>	<u>\$ 2,117,968</u>
Reconciliation to Exhibit F - Cash:				
Cash and cash equivalents per above	\$ 18,636	\$ 987,278	\$ 1,005,914	\$ 2,117,968
Cash and cash equivalents reported as investments	-	(411,047)	(411,047)	(1,396,642)
Cash - Exhibit F	<u>\$ 18,636</u>	<u>\$ 576,231</u>	<u>\$ 594,867</u>	<u>\$ 721,326</u>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 461,532	\$ 756,128	\$ 1,217,660	\$ (60,630)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	209,702	497,515	707,217	-
(Increase) decrease in:				
Receivables	(15,299)	(22,720)	(38,019)	-
Due from other funds	-	(1,416,260)	(1,416,260)	-
Increase (decrease) in:				
Accounts and other payables	(22,343)	126,520	104,177	-
Due to other funds	(438,693)	-	(438,693)	-
Net cash from operating activities	<u>\$ 194,899</u>	<u>\$ (58,817)</u>	<u>\$ 136,082</u>	<u>\$ (60,630)</u>

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

## Town of Bethel, Connecticut

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Pension Trust Funds	Private - Purpose Trust Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Assets</u>			
Cash	\$ -	\$ 48,105	\$ 50,000
Investments:			
Mutual funds:			
Equity	6,576,193	34,474	-
Bond	3,675,508	103,084	-
Certificates of deposit	-	-	673,855
Bank money market accounts	1,564,658	16,856	-
U.S. government obligations	7,955,683	-	-
U.S. government agency securities	-	163,588	-
Common stock	17,140,551	-	-
Corporate bonds	8,479,117	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total investments	45,391,710	318,002	673,855
Prepaid benefits and fees	659,725	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>46,051,435</u>	<u>366,107</u>	<u>723,855</u>
<u>Net Position</u>			
Restricted for:			
Pensions benefits	46,051,435	-	-
Individuals and organizations	-	366,107	723,855
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net position	<u>\$ 46,051,435</u>	<u>\$ 366,107</u>	<u>\$ 723,855</u>

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

## Town of Bethel, Connecticut

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For The Year Ended June 30, 2019**

	Pension Trust Funds	Private - Purpose Trust Funds	Custodial Funds
Additions:			
Contributions:			
Employer	\$ 2,250,000	\$ -	\$ -
Plan members	647,244	-	-
Private contributions	-	54,025	-
Total contributions	2,897,244	54,025	-
Activity fees	-	-	1,050,186
Investment income (loss):			
Change in fair value of investments	1,160,143	10,387	-
Interest and dividends	1,486,091	15,743	-
Total investment income (loss)	2,646,234	26,130	-
Less investment expenses	323,440	-	-
Net investment income (loss)	2,322,794	26,130	-
Total additions	5,220,038	80,155	1,050,186
Deductions:			
Benefits	2,640,254	-	-
Administration	336,794	150	-
Scholarships awarded	-	56,425	-
Activities and events	-	-	997,251
Total deductions	2,977,048	56,575	997,251
Change in net position	2,242,990	23,580	52,935
Net position - July 1, 2018	43,808,445	342,527	670,920
Net position - June 30, 2019	\$ 46,051,435	\$ 366,107	\$ 723,855

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**History and organization**

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

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

Intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items including property taxes, are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.

*The Debt Service Fund* is used to account for and report resources and expenditures that are assigned for the repayment of debt.

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

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

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

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

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

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

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

**b. Investments**

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

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

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

The investment guidelines are as follows:

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

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

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

**c. Method used to value investments**

Investments for the Town are reported at fair value except as described below. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

**d. Risk policies**

**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 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** – 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 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.

**Concentration of credit risk** – Concentration of credit risk is the risk attributed to the magnitude of an entity'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 in any one depository.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

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

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

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

**2. Receivables and payables****a. Interfunds**

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

**b. Property taxes and other receivables**

In the government-wide financial statements, all trade, loan, property tax and water and sewer use receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 37% of outstanding receivable balances and are calculated based upon prior collection history.

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

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

**3. Restricted assets**

The restricted assets for the Town are restricted for performance bonds and employee flex spending. 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. Flex spending amounts are restricted for employee benefits.

**4. Capital assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

**5. Deferred outflows/inflows of resources**

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

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

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

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

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

**6. Compensated absences**

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

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

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

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

**7. Long-term obligations**

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

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

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****8. Net position and fund balances**

In the government-wide and enterprise fund 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.

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**Unassigned

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

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

**Minimum Fund Balance Policy**

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

**9. Use of estimates**

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

**10. Reclassifications**

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

**II. Stewardship, compliance and accountability****A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**II. Stewardship, compliance and accountability (continued)****B. Donor-restricted endowments**

The Town has received certain endowments for various scholarship purposes. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$48,082 for the Hennessy Scholarship fund, \$63,588 for the Menegay Scholarship fund and \$1,701 for the Education Scholarships fund, is approved for expenditure by the individual Boards of the benefiting activities and is included in restricted net position.

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

**C. Capital projects authorizations**

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

Project Name	Project Authorization	Cumulative Expenditures	Project Balance
Road construction	\$ 1,038,808	\$ 1,038,808	\$ -
Road construction	500,000	209,009	290,991
General capital improvements	1,340,000	1,339,573	427
Police station	14,500,000	14,493,656	6,344
School renovations: Rockwell and Johnson	65,831,143	5,791,684	60,039,459
Totals	<u>\$83,209,951</u>	<u>\$22,872,730</u>	<u>\$60,337,221</u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**III. Detailed notes****A. Cash and Investments****1. Deposits - custodial credit risk**

At year end, the Town's bank balance was \$35,075,326 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 28,002,483
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,490,385</u>
Total amount subject to custodial credit risk	<u><u>\$ 33,492,868</u></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.

**2. Investments**

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

Type of Investment	Fair Value	Investment Maturities (in Years)		
		N/A	Less Than 1	1-5 Years
Mutual funds:				
Equity	\$ 6,610,667	\$ 6,610,667	\$ -	\$ -
Bond	19,326,441	-	15,547,850	3,778,591
Certificates of deposit	12,293,345	-	12,293,345	-
Bank money market accounts	4,322,107	-	4,291,239	30,868
U.S. government obligations	7,955,684	-	-	7,955,684
U.S. government agency securities	163,588	-	163,588	-
Common stock	17,140,551	17,140,551	-	-
Corporate bonds	8,479,117	-	-	8,479,117
Total	<u><u>\$ 76,291,500</u></u>	<u><u>\$ 23,751,218</u></u>	<u><u>\$ 32,296,022</u></u>	<u><u>\$ 20,244,260</u></u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Cash and Investments (continued)**

b. The Town had the following recurring fair value measurements:

		Quoted Market Prices in Active Markets	Significant Observable Inputs
	Amount	Level 1	Level 2
<u>Investments by Fair Value Level</u>			
Mutual funds:			
Equity	\$ 6,610,667	\$ 6,610,667	\$ -
Bond	19,326,441	19,326,441	-
U.S. government obligations	7,955,684	-	7,955,684
U.S. government agency obligations	163,588	-	163,588
Common stock	17,140,551	17,140,551	-
Corporate bonds	8,479,117	-	8,479,117
Total investments by fair value level	59,676,048	<u>\$ 43,077,659</u>	<u>\$ 16,598,389</u>
<u>Other Investments</u>			
Certificates of deposit	12,293,345		
Bank money market accounts	4,322,107		
Total other investments	16,615,452		
Total investments	<u>\$ 76,291,500</u>		

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs: quoted prices for identical securities in markets that are not active.

The market approach was used to determine the value of bonds.

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

Type of Investment	Ratings					Totals
	AAA	AA	A	B	BBB	
Mutual Funds:						
Bonds	\$ 23,850	\$ 16,152,661	\$ -	\$ 2,297,154	\$ 852,776	\$ 19,326,441
U.S government obligations	7,955,684	-	-	-	-	7,955,684
U.S government agency securities	163,588	-	-	-	-	163,588
Corporate bonds	-	1,236,409	3,513,475	453,771	3,275,462	8,479,117
Total	<u>\$ 8,143,122</u>	<u>\$ 17,389,070</u>	<u>\$ 3,513,475</u>	<u>\$ 2,750,925</u>	<u>\$ 4,128,238</u>	<u>\$ 35,924,830</u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Cash and Investments (continued)**

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

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

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
Common stock	\$ 17,140,551	\$ 500,000	\$ 16,640,551
U.S. government obligations	7,955,684	1,000,000	6,955,684
U.S. government agency securities	163,588	163,588	-
Corporate bonds	8,479,117	-	8,479,117
Total	<u>\$ 33,738,940</u>	<u>\$ 1,663,588</u>	<u>\$ 32,075,352</u>

**B. Receivables**

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

	Property Taxes		
	Taxes	Interest & Liens	Total
Current portion	<u>\$ 164,222</u>	<u>\$ 101,979</u>	<u>\$ 266,201</u>
Long-term portion	801,792	101,979	903,771
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(75,000)</u>	<u>(225,000)</u>
Net long-term portion	<u>\$ 651,792</u>	<u>\$ 26,979</u>	<u>\$ 678,771</u>

	User Fee Receivables		
	Water Department	Sewer Department	Total
Gross receivable	\$ 173,499	\$ 262,139	\$ 435,638
Less allowance for uncollectibles	<u>(5,000)</u>	<u>(7,500)</u>	<u>(12,500)</u>
Net receivable	<u>\$ 168,499</u>	<u>\$ 254,639</u>	<u>\$ 423,138</u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Interfund accounts****1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds:</u>			
<u>General fund:</u>			
Health department grants	N/A	\$ -	\$ 40,839
Public safety grants	N/A	-	89,048
School lunch program	N/A	7,890	-
Education grants	N/A	-	1,016,216
Railroad station	N/A	-	32,841
Railroad station renovation	N/A	-	16,971
General government	N/A	-	12,201
Debt service	N/A	-	3,760,428
Small cities program	N/A	-	112,192
Capital nonrecurring	N/A	-	3,049,740
Water department	N/A	749,384	-
Sewer department	N/A	-	4,570,277
Internal service - Education medical	N/A	21,485	-
Total general fund		778,759	12,700,753
<u>Bonded projects:</u>			
Bonded projects	Capital nonrecurring	-	30,000
<u>Capital nonrecurring:</u>			
Capital nonrecurring	General fund	3,049,740	-
Capital nonrecurring	Debt service	59,898	-
Capital nonrecurring	Bonded projects	30,000	-
Total capital nonrecurring		3,139,638	-

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Interfund accounts (continued)**

	Corresponding Fund	Due From	Due To
<u>Water department:</u>			
Water department	Sewer department	\$ -	\$ 329,813
Water department	General fund	-	749,384
Total water department		-	1,079,197
<u>Sewer department:</u>			
Sewer department	Water department	329,813	-
Sewer department	General fund	4,570,277	-
Total sewer department		4,900,090	-
<u>Internal service funds:</u>			
Internal service - Education medical	General fund	-	21,485
<u>Other governmental funds:</u>			
Small cities program	General fund	112,192	-
Health department grants	General fund	40,839	-
Public safety grants	General fund	89,048	-
Education grants	General fund	1,016,216	-
School lunch program	General fund	-	7,890
Railroad station	General fund	32,841	-
Railroad station renovation	General fund	16,971	-
General government	General fund	12,201	-
Debt service	General fund	3,760,428	-
Debt service	Capital nonrecurring	-	59,898
Total other governmental funds		5,080,736	67,788
Grand total		<u>\$ 13,899,223</u>	<u>\$ 13,899,223</u>

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 cash account.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Interfund accounts (continued)****1. Advance payable and receivable**

A summary of interfund advances is as follows:

	Corresponding Fund	Advances To	Advances From
General fund:			
Bennett property	N/A	\$ 17,708	\$ -
Other governmental funds:			
Bennett property	General fund	-	17,708
Grand total		<u>\$ 17,708</u>	<u>\$ 17,708</u>

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

**3. Interfund transfers**

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

	Corresponding Fund	Transfer In	Transfer Out
General fund:			
Capital nonrecurring	N/A	\$ -	\$3,140,000
Debt service fund	N/A	-	1,786,536
Total general fund		-	4,926,536
Capital nonrecurring:			
Capital nonrecurring	General fund	3,140,000	-
Other governmental funds:			
Debt service	General Fund	1,786,536	-
Grand total		<u>\$4,926,536</u>	<u>\$4,926,536</u>

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 6,957,720	\$ -	\$ -	\$ 6,957,720
Construction in progress	15,291,811	8,442,887	15,861,354	7,873,344
Total capital assets, not being depreciated	22,249,531	8,442,887	15,861,354	14,831,064
Capital assets, being depreciated:				
Land improvements	3,223,553	662,403	-	3,885,956
Intangible assets	131,849	-	-	131,849
Buildings	88,929,745	14,493,656	-	103,423,401
Building improvements	18,859,434	89,141	-	18,948,575
Machinery and equipment	10,062,657	519,541	-	10,582,198
Vehicles	7,415,546	973,988	-	8,389,534
Infrastructure	25,621,050	1,876,733	287,228	27,210,555
Total capital assets, being depreciated	154,243,834	18,615,462	287,228	172,572,068
Total capital assets	176,493,365	27,058,349	16,148,582	187,403,132
Less accumulated depreciation for:				
Land improvements	1,017,191	142,586	-	1,159,777
Intangible assets	56,034	6,594	-	62,628
Buildings	24,022,627	1,301,604	-	25,324,231
Building improvements	6,999,486	609,693	-	7,609,179
Machinery and equipment	6,349,318	685,304	-	7,034,622
Vehicles	3,115,575	312,201	-	3,427,776
Infrastructure	4,577,506	437,255	181,908	4,832,853
Total accumulated depreciation	46,137,737	3,495,237	181,908	49,451,066
Total capital assets, being depreciated, net	108,106,097	15,120,225	105,320	123,121,002
Governmental activities capital assets, net	<u>\$ 130,355,628</u>	<u>\$ 23,563,112</u>	<u>\$ 15,966,674</u>	<u>\$ 137,952,066</u>

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

**Governmental activities:**

General government	\$ 269,949
Public safety	488,995
Public works	656,325
Library	209,741
Health and welfare	2,857
Education	1,867,370
Total depreciation expense	<u>\$ 3,495,237</u>



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Capital assets (continued)**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 157,072	\$ -	\$ -	\$ 157,072
Construction in progress	3,097,268	1,016,806	771,851	3,342,223
Total capital assets, not being depreciated	3,254,340	1,016,806	771,851	3,499,295
Capital assets, being depreciated:				
Intangible assets	12,144,523	-	-	12,144,523
Buildings	4,272,637	-	-	4,272,637
Building improvements	161,839	-	-	161,839
Distribution and collection system	34,305,308	1,317,857	-	35,623,165
Machinery and equipment	1,692,672	58,000	-	1,750,672
Vehicles	159,916	-	-	159,916
Total capital assets, being depreciated	52,736,895	1,375,857	-	54,112,752
Total capital assets	55,991,235	2,392,663	771,851	57,612,047
Less accumulated depreciation for:				
Intangible assets	5,730,000	162,959	-	5,892,959
Buildings	3,811,892	62,567	-	3,874,459
Building improvements	58,289	4,761	-	63,050
Distribution and collection system	7,071,898	428,294	-	7,500,192
Machinery and equipment	898,550	44,910	-	943,460
Vehicles	120,932	3,726	-	124,658
Total accumulated depreciation	17,691,561	707,217	-	18,398,778
Total capital assets, being depreciated, net	35,045,334	668,640	-	35,713,974
Business-type capital assets, net	<u>\$ 38,299,674</u>	<u>\$ 1,685,446</u>	<u>\$ 771,851</u>	<u>\$ 39,213,269</u>

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

**Business-type activities**

Water	\$ 209,702
Sewer	<u>497,515</u>
Total depreciation/amortization expense	<u>\$ 707,217</u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**E. Construction commitments**

The Town has the following construction commitments:

School projects \$ 49,241,181

**F. Short-term obligations – Bond anticipation notes and interim funding obligation**

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

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

**Governmental activities:**

Project	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General purpose- capital	\$ 4,450,000	\$ 3,825,000	\$ 4,450,000	\$ 3,825,000
School renovation	-	10,000,000	-	10,000,000
Total	<u>\$ 4,450,000</u>	<u>\$ 13,825,000</u>	<u>\$ 4,450,000</u>	<u>\$ 13,825,000</u>

The bond anticipation notes mature in July 2019, and carry a coupon interest rate of 3.00%. In July 2019, the Town issued \$15,990,000 of general obligation bond anticipation notes. These bond anticipation notes mature in July of 2020 and carry a coupon interest rate of 3.00%.

**Business-type activities:**

The Town had interim funding obligations from the Drinking Water Revolving Fund in the Water Fund. The obligation includes interest at 2% per year. The final project loan obligation will include accrued interest.

Project	Balance July 1, 2018	Additions	Deductions	Permanently Financed	Balance June 30, 2019
DWSRF 2018-7067	\$ -	\$ 633,148	\$ -	\$ 633,148	\$ -
DWSRF 2019-7075	-	337,985	-	-	337,985
	<u>\$ -</u>	<u>\$ 971,133</u>	<u>\$ -</u>	<u>\$ 633,148</u>	<u>\$ 337,985</u>

In September 2019, the Town issued \$633,148 of drinking water notes which permanently financed the interim funding obligation of the same amount. These notes mature in September of 2038 and carry a coupon interest rate of 2.00%.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations****1. Summary of changes**

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

Governmental activities:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion	Long-term Portion
General purpose:										
Refunding bonds	\$ 1,785,000	04/28/10	07/15/20	4.00-5.00%	\$ 640,000	\$ -	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Refunding bonds	1,992,000	04/28/10	07/15/20	3.00-5.00%	825,000	-	165,000	660,000	165,000	495,000
Refunding bonds	1,630,000	05/14/14	08/01/24	2.00-3.00%	1,630,000	-	-	1,630,000	-	1,630,000
General obligation	20,000,000	11/15/18	11/15/38	3.25-5.00%	20,000,000	-	-	20,000,000	1,000,000	19,000,000
Total general purpose					23,095,000	-	485,000	22,610,000	1,485,000	21,125,000
School:										
Refunding bonds	4,648,000	04/28/10	07/15/20	3.00-5.00%	1,800,000	-	360,000	1,440,000	360,000	1,080,000
Refunding bonds	18,405,000	04/28/15	11/15/34	1.00-5.00%	15,775,000	-	895,000	14,880,000	915,000	13,965,000
Total school					17,575,000	-	1,255,000	16,320,000	1,275,000	15,045,000
Total bonds					40,670,000	-	1,740,000	38,930,000	2,760,000	36,170,000
Equipment financing notes:										
Energy	4,305,492	09/22/15	12/22/30	3.50-5.00%	3,500,472	-	218,759	3,281,713	185,557	3,096,156
Copiers	240,000	10/27/18	10/27/23	2.00%	-	240,000	32,000	208,000	48,000	160,000
Truck	15,487	04/18/19	01/18/22	2.00%	-	15,487	725	14,762	4,890	9,872
Truck	15,939	06/18/19	07/18/23	1.00%	-	15,939	-	15,939	5,033	10,906
Total equipment financing notes					3,500,472	271,426	251,484	3,520,414	243,480	3,276,934
Total bonds and notes					44,170,472	271,426	1,991,484	42,450,414	3,003,480	39,446,934
Premium					480,545	956,901	189,708	1,247,738	-	1,247,738
Total bonds and notes and related liabilities					44,651,017	1,228,327	2,181,192	43,698,152	3,003,480	40,694,672
Capital lease payable					218,759	-	218,759	-	-	-
Compensated absences					3,829,009	30,659	158,485	3,701,183	740,237	2,960,946
Net pension liability					10,119,136	5,521,877	4,992,372	10,648,641	-	10,648,641
OPEB liability					13,591,689	1,650,507	494,863	14,747,333	-	14,747,333
Total long-term obligations					<u>\$72,409,610</u>	<u>\$ 8,431,370</u>	<u>\$ 8,045,671</u>	<u>\$72,795,309</u>	<u>\$ 3,743,717</u>	<u>\$ 69,051,592</u>

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations (continued)**Business-type activities:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion	Long-term Portion
Bonds:										
Sewer:										
Refunding bonds	\$ 2,975,000	05/14/14	08/01/31	2.00-3.25%	\$ 2,380,000	\$ -	\$ 190,000	\$ 2,190,000	\$185,000	\$ 2,005,000
Refunding bonds	12,010,000	04/07/15	11/15/34	1.00-5.00%	10,275,000	-	585,000	9,690,000	595,000	9,095,000
Total bonds					12,655,000	-	775,000	11,880,000	780,000	11,100,000
Premium					111,361	-	7,061	104,300	-	104,300
Total sewer bonds and related liabilities					12,766,361	-	782,061	11,984,300	780,000	11,204,300
Notes:										
Water:										
DWSRF 2016-7040	1,855,379	05/31/17	11/30/36	2.00%	1,717,859	-	77,940	1,639,919	79,513	1,560,406
DWSRF 2017-7051	1,025,306	07/31/17	07/31/37	2.00%	979,084	-	86,188	892,896	41,404	851,492
DWSRF 2017-7054	743,319	05/31/17	05/31/37	2.00%	743,319	-	-	743,319	31,225	712,094
DWSRF 2018-7067	633,147	09/30/19	09/30/38	2.00%	-	633,148	-	633,148	51,325	581,823
Total water					3,440,262	633,148	164,128	3,909,282	203,467	3,705,815
Total bonds, notes and related liabilities					16,206,623	633,148	946,189	15,893,582	983,467	14,910,115
Compensated absences					60,229	15,748	12,211	63,766	12,753	51,013
Net pension liability					404,210	274,029	227,666	450,573	-	450,573
OPEB liability					685,295	83,219	24,951	743,563	-	743,563
Total long-term obligations					<u>\$17,356,357</u>	<u>\$1,006,144</u>	<u>\$1,211,017</u>	<u>\$17,151,484</u>	<u>\$996,220</u>	<u>\$16,155,264</u>

The sewer improvement bonds are supported by means of an assessment program. The water notes are supported by user fees.

All obligations are backed by the full faith and credit of the Town.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations (continued)**

The following is a summary of debt maturities:

Year Ending June 30	General Obligation Bonds		Sewer Bonds		Drinking Water Notes		Equipment Financing Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,760,000	\$ 1,521,113	\$ 780,000	\$ 423,282	\$ 203,467	\$ 71,293	\$ 243,480	\$ 89,141
2021	2,790,000	1,385,713	790,000	388,657	181,898	70,710	257,124	84,134
2022	2,795,000	1,252,738	795,000	352,682	185,569	67,025	288,459	78,649
2023	2,800,000	1,121,038	800,000	317,307	189,315	63,268	295,165	71,785
2024	2,285,000	1,003,257	800,000	282,413	193,136	59,431	278,920	64,134
2025	2,275,000	907,458	800,000	253,350	197,032	56,280	280,260	56,549
2026	1,950,000	825,069	620,000	230,031	203,978	51,529	298,371	49,002
2027	1,940,000	751,719	615,000	206,481	205,069	47,456	317,285	40,971
2028	1,930,000	684,019	1,100,000	180,281	209,208	43,303	337,032	32,433
2029	1,930,000	611,819	605,000	151,281	210,314	39,066	357,644	23,366
2030	1,930,000	534,619	920,000	122,356	214,548	32,883	379,155	16,844
2031	1,925,000	465,894	600,000	96,413	222,133	28,333	187,519	-
2032	1,915,000	401,472	900,000	73,160	226,618	23,793	-	-
2033	1,910,000	333,750	590,000	51,100	231,191	19,161	-	-
2034	1,900,000	264,575	585,000	30,538	235,858	14,437	-	-
2035	1,895,000	193,158	580,000	10,145	240,618	9,616	-	-
2036	1,000,000	137,500	-	-	245,475	5,024	-	-
2037	1,000,000	97,500	-	-	185,015	2,170	-	-
2038	1,000,000	57,500	-	-	67,927	527	-	-
2039	1,000,000	18,750	-	-	60,913	-	-	-
Totals	<u>\$ 38,930,000</u>	<u>\$ 12,568,661</u>	<u>\$ 11,880,000</u>	<u>\$ 3,169,477</u>	<u>\$ 3,909,282</u>	<u>\$ 705,305</u>	<u>\$ 3,520,414</u>	<u>\$ 607,008</u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations (continued)****2. Statutory debt limitations**

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 143,915,029	\$ 26,435,000	\$ 117,480,029
Schools	287,830,058	26,320,000	261,510,058
Sewer	239,858,381	-	239,858,381
Urban renewal	207,877,264	-	207,877,264
Pension deficit	191,886,705	-	191,886,705

The total overall statutory debt limit for the Town is equal to seven times prior year annual receipts from taxation, \$447,735,645.

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

**3. Authorized/unissued bonds**

The amounts of authorized, unissued bonds are as follows:

General purpose	\$ 53,325
Schools	<u>38,859,388</u>
Total	<u>\$ 38,912,713</u>

**4. Conduit debt**

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

The outstanding balance of the capital lease was \$51,919. The Town has no obligation to pay the lease beyond the payment received from the lease payment received from the Association.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**H. Fund balances and restricted net position**

Fund balance components are as follows:

Fund Balance Component	General Fund	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Totals
Nonspendable:					
Advance to other funds	\$ 17,708	\$ -	\$ -	\$ -	\$ 17,708
Restricted:					
General government:					
Railroad station operations	-	-	-	309,586	309,586
Historic documents preservation	-	-	-	33,910	33,910
Public safety:					
Police equipment	-	-	-	89,048	89,048
Health and welfare:					
Housing rehabilitation program	-	-	-	464,130	464,130
Health grants	-	-	-	40,839	40,839
School lunch program	-	-	-	191,506	191,506
Total restricted	-	-	-	1,129,019	1,129,019
Committed:					
General government:					
Railroad station improvements	-	-	-	12,082	12,082
Planning and zoning commission	-	-	-	56,636	56,636
Library operations	-	-	-	84,856	84,856
Education grant programs	-	-	-	1,038,008	1,038,008
Education (general)	363,723	-	-	-	363,723
Approved projects	-	-	4,360,781	-	4,360,781
Total committed	363,723	-	4,360,781	1,191,582	5,916,086
Assigned:					
Future debt service payments	-	-	-	3,705,191	3,705,191
Unassigned	17,992,096	(7,624,657)	-	(18,421)	10,349,018
Totals	<u>\$ 18,373,527</u>	<u>\$ (7,624,657)</u>	<u>\$ 4,360,781</u>	<u>\$ 6,007,371</u>	<u>\$ 21,117,022</u>

The amount of restricted net position, which was restricted by enabling legislation, totaled \$225,416.

**I. Deficit fund balances**

The Bennett Property fund had a deficit fund balance at year end of \$18,421. The deficit will be reduced or eliminated in future years as amounts are received for charges for services.

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****IV. Other information****A. Risk management**

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

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

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

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

**B. Commitments and litigation**

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

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



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**V. Pensions and other post-employment benefit plans****A. Town pension plans****1. Plan description****a. Plan administration**

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

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

**b. Plan membership**

As of July 1, 2018, the plans' membership consists of the following:

	<u>Town</u>	<u>Police</u>
Active members	105	35
Terminated employees entitled to benefits	18	2
Retirees, disabled employees, and beneficiaries receiving benefits	<u>117</u>	<u>17</u>
Total	<u><u>240</u></u>	<u><u>54</u></u>

**2. Benefit provisions****Town**

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

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****A. Pension plans (continued)**

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

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

Police

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

All plan members permanently and totally disabled for at least 182 continuous days following the date on which the member is unable to perform his or her own job may qualify for disability benefits.

Disability payments shall cease after 24 consecutive months unless at that time the member is unable to perform any job or occupation for which he is suited by reason of his education or training.

Disability benefits will be the lesser of 50 percent of the member's compensation, determined at the date of disability or \$24,000. Death benefits will be paid if a member was married on the date of death.

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

**3. Contributions**Town

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

Police

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)**

The Town's contributions are actuarially determined on an annual basis using the entry age normal method for the Town plan and the Police plan. The Town's contributions were 16.18% and 40.70% of covered payroll, respectively, for the Town and Police plans. Administration costs are financed from investment earnings.

**4. Investments****a. Investment policy**

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

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

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

**b. Concentrations**

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

**c. Rate of return**

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

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)****d. Annual money-weighted rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.29% for the Town and Police plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**5. Net pension liability**

The components of the net pension liability were as follows:

	<u>Town</u>	<u>Police</u>
Total pension liability	\$ 39,288,822	\$ 17,861,827
Plan fiduciary net position	<u>(32,852,072)</u>	<u>(13,199,363)</u>
Net pension liability	<u>\$ 6,436,750</u>	<u>\$ 4,662,464</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.62%</u>	<u>73.90%</u>

**6. Actuarial methods and significant assumptions**

The total pension liability was determined as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Town</u>	<u>Police</u>
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5 year smoothing	5 year smoothing
Amortization method	Level percent, closed	Level percent, closed
Inflation	2.70%	2.70%
Salary increase	3.00%	4.00%, average
Investment rate of return	6.75%, net of pension plan investment expense, including inflation	6.75%, net of pension plan investment expense, including inflation
Mortality rates	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)****7. Changes from prior year****a. Changes in assumptions**

There were no changes in assumptions.

**b. Changes in benefit terms**

There were no changes in benefit terms.

**8. Discount rate**

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

**9. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The changes in net pension liability for each plan for the fiscal year were as follows:

<b>Town Plan</b>	<b>Increase (Decrease)</b>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2018	\$ 37,578,235	\$ 31,803,808	\$ 5,774,427
Service cost	761,169	-	761,169
Interest	2,523,082	-	2,523,082
Differences between expected and actual experience	379,045	-	379,045
Contributions - employer	-	1,200,000	(1,200,000)
Contributions - member	-	446,766	(446,766)
Net investment income	-	1,605,605	(1,605,605)
Benefit payments, including refunds of member contributions	(1,952,709)	(1,952,709)	-
Administration	-	(251,398)	251,398
Net change	1,710,587	1,048,264	662,323
Balance at June 30, 2019	\$ 39,288,822	\$ 32,852,072	\$ 6,436,750

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Police</b>			
Balance at July 1, 2018	\$ 16,753,556	\$ 12,004,637	\$ 4,748,919
Service cost	554,711	-	554,711
Interest	1,145,482	-	1,145,482
Differences between expected and actual experience	95,623	-	95,623
Contributions - employer	-	1,050,000	(1,050,000)
Contributions - member	-	200,478	(200,478)
Net investment income	-	717,189	(717,189)
Benefit payments, including refunds of member contributions	(687,545)	(687,545)	-
Administration	-	(85,396)	85,396
Net change	1,108,271	1,194,726	(86,455)
Balance at June 30, 2019	\$ 17,861,827	\$ 13,199,363	\$ 4,662,464

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<b>Town</b>			
Net pension liability	\$ 10,806,893	\$ 6,436,750	\$ 2,825,875
<b>Police</b>			
Net pension liability	\$ 7,258,478	\$ 4,662,464	\$ 2,485,497

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)****11. Pension expense and deferred outflows and inflows of resources related to pensions**

For the fiscal year the Town recognized pension expense of \$1,694,024 for the Town Plan and \$876,152 for the Police Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Town Plan</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 472,552	\$ (2,605)
Net difference between projected and actual earnings on pension plan investments	<u>279,179</u>	<u>-</u>
Total	<u><u>\$ 472,552</u></u>	<u><u>\$ (2,605)</u></u>
Net amount of deferred inflows and outflows		<u><u>\$ 469,947</u></u>
<b>Police Plan</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 156,117	\$ (466,613)
Net difference between projected and actual earnings on pension plan investments	<u>74,273</u>	<u>-</u>
Total	<u><u>\$ 230,390</u></u>	<u><u>\$ (466,613)</u></u>
Net amount of deferred inflows and outflows		<u><u>\$ (236,223)</u></u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 3.5 and 9.7 years for the Town and Police Plans, respectively.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)**

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

Year Ending June 30,	Town	Police
2020	\$ 480,301	\$ 52,255
2021	48,241	(90,164)
2022	115,857	(22,766)
2023	104,727	(15,936)
2024	-	(37,721)
Thereafter	-	(121,891)
Total	<u>\$ 749,126</u>	<u>\$ (236,223)</u>

**B. Defined contribution retirement savings plan**

As of July 1, 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the Town of Bethel Money Purchase Defined Contribution Plan administered by the Town. The Board of Selectmen has the authority to establish and amend the plan. At year end, there were 10 employees eligible to participate in the plan. The Town and employees are both required to contribute 5% of earnings. During the year, the Town recognized pension expense of \$93,083 and employee contributions totaled \$93,083.

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

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



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Pension plan statements**

**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**

	Town Pension Fund	Police Pension Fund	Total
<u>Assets</u>			
Investments:			
Equity mutual funds	\$ 4,803,030	\$ 1,773,163	\$ 6,576,193
Bond mutual funds	2,257,300	1,418,208	3,675,508
Bank money market accounts	785,846	778,812	1,564,658
U.S. government obligations	5,811,634	2,144,049	7,955,683
Common stock	12,520,366	4,620,185	17,140,551
Corporate bonds	6,186,086	2,293,031	8,479,117
Total investments	32,364,262	13,027,448	45,391,710
Prepaid benefits and fees	487,810	171,915	659,725
Total assets	32,852,072	13,199,363	46,051,435
<u>Net Position</u>			
Restricted for pension benefits	\$ 32,852,072	\$ 13,199,363	\$ 46,051,435

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Pension plan statements (continued)**

**Combining Statement of Changes In Fiduciary Net Position**  
**Pension Trust Funds**

	Town Pension Fund	Police Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,200,000	\$ 1,050,000	\$ 2,250,000
Plan members	446,766	200,478	647,244
Total contributions	<u>1,646,766</u>	<u>1,250,478</u>	<u>2,897,244</u>
Investment income (loss):			
Change in fair value of investments	759,243	400,900	1,160,143
Interest and dividends	<u>1,078,968</u>	<u>407,123</u>	<u>1,486,091</u>
Total investment income (loss)	1,838,211	808,023	2,646,234
Less investment expenses	<u>232,606</u>	<u>90,834</u>	<u>323,440</u>
Net investment income (loss)	<u>1,605,605</u>	<u>717,189</u>	<u>2,322,794</u>
Total additions	<u>3,252,371</u>	<u>1,967,667</u>	<u>5,220,038</u>
Deductions:			
Benefits	1,952,709	687,545	2,640,254
Administration	<u>251,398</u>	<u>85,396</u>	<u>336,794</u>
Total deductions	<u>2,204,107</u>	<u>772,941</u>	<u>2,977,048</u>
Change in net position	1,048,264	1,194,726	2,242,990
Net position - July 1, 2018	<u>31,803,808</u>	<u>12,004,637</u>	<u>43,808,445</u>
Net position - June 30, 2019	<u><u>\$ 32,852,072</u></u>	<u><u>\$ 13,199,363</u></u>	<u><u>\$ 46,051,435</u></u>

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****D. Connecticut State Teachers' Retirement System****1. Plan description**

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

**2. Benefit provisions**

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

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

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

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

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

**3. Contributions****State 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.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Connecticut State Teachers' Retirement System (continued)****Employer (School Districts)**

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

**Employees**

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

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

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

Town's proportionate share of the net pension liability	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>65,901,106</u>
Total	<u><u>\$ 65,901,106</u></u>

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

During the year the Town recognized pension expense and revenue of \$6,369,195 for on-behalf amounts for the contributions made to the plan by the State.

**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, 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 RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Connecticut State Teachers' Retirement System (continued)**

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

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Connecticut State Teachers' Retirement System (continued)****5. 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.

**6. 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.

**7. 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, 2018.

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

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

**b. Plan membership**

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**E. Other post-employment benefit plans (continued)****2. Benefit provisions**

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

**3. Contributions**

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

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. The Town, Police and Board of Education's total plan contribution was \$519,814.

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

**4. OPEB Liability**

The Town's OPEB liability of \$15,490,896 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

**5. Actuarial methods and significant assumptions**

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

Valuation date	July 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Inflation	2.75%
Investment rate of return	3.50%
Healthcare inflation rate:	
Initial	7.00%
Ultimate	4.50%
Mortality rates	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**E. Other post-employment benefit plans (continued)****6. Changes from prior year****a. Changes in assumptions**

The discount rate decreased from 3.87% to 3.50%.

**b. Changes in benefit terms**

There were no changes in benefit terms.

**7. Changes in the OPEB Liability**

Balance at July 1, 2018	<u>\$ 14,276,984</u>
Service cost	561,230
Interest	564,180
Changes in assumptions	608,316
Benefit payments, including refunds of member contributions	<u>(519,814)</u>
Net change	<u>1,213,912</u>
Balance at June 30, 2019	<u><u>\$ 15,490,896</u></u>

**8. Sensitivity of the OPEB liability to changes in the discount rate**

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

<u>OPEB Liability</u>	<u>1% Decrease 2.50%</u>	<u>Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
Town OPEB Plan	<u>\$ 17,328,368</u>	<u>\$ 15,490,896</u>	<u>\$ 13,923,095</u>

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

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

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Town OPEB Plan	<u>\$ 13,368,261</u>	<u>\$ 15,490,896</u>	<u>\$ 18,099,336</u>



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**E. Other post-employment benefit plans (continued)****10. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

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

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	<u>\$ 557,959</u>	<u>\$ (385,708)</u>
Net amount of deferred inflows and outflows		<u>\$ 172,251</u>

Changes in assumptions are amortized over 12.08 years.

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

Year Ended June 30,

2020	\$ 12,092
2021	12,092
2022	12,092
2023	12,092
2024	12,092
Thereafter	<u>111,791</u>
Total	<u>\$ 172,251</u>

**F. Connecticut State Teachers' Retirement Board Retiree Health Insurance 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 10-183t 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](http://www.ct.gov/trb).

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****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.

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).

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

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

**Employer (School Districts)**

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

**Employees**

Each member is required to contribute 1.25% of their annual salary.

**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 collective net OPEB liability	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>13,174,071</u>
Total	<u><u>\$ 13,174,071</u></u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)**

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

The Town recognized OPEB expense and revenue of \$176,712 for on-behalf amounts for the contributions made to the plan by the State.

**5. Actuarial methods and significant assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care cost trend rate	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.87%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**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.
- The discount rate has been increased from 3.56% to 3.87% 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.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****Long-term expected rate of return**

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 weighing 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 3.00%.

**Affordable Care Act (ACA)**

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

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

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 3.87%. 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, 2018.

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## **Required Supplementary Information**

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## Town of Bethel, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For The Year Ended June 30, 2019**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes	\$ 64,806,034	\$ -	\$ 64,806,034	\$ 66,541,320	\$ 1,735,286
Intergovernmental	7,835,042	-	7,835,042	8,568,057	733,015
Charges for services	1,731,448	-	1,731,448	1,882,557	151,109
Use of money and property	280,000	-	280,000	1,007,093	727,093
Other	-	-	-	-	-
Total revenues	74,652,524	-	74,652,524	77,999,027	3,346,503
Expenditures:					
Current:					
General government	14,076,714	(457,169)	13,619,545	13,619,545	-
Public safety	5,243,364	22,448	5,265,812	5,265,812	-
Health and welfare	406,984	(38,297)	368,687	368,687	-
Public works	3,717,378	55,788	3,773,166	3,773,166	-
Library	877,556	(41,020)	836,536	836,536	-
Education	45,616,290	(20,066)	45,596,224	45,596,224	-
Debt service	3,939,238	(108,438)	3,830,800	3,830,800	-
Total expenditures	73,877,524	(586,754)	73,290,770	73,290,770	-
Excess (deficiency) of revenues over expenditures	775,000	586,754	1,361,754	4,708,257	3,346,503
Other financing sources (uses):					
Appropriation of fund balance	-	3,839,782	3,839,782	-	(3,839,782)
Transfers out	(775,000)	(4,426,536)	(5,201,536)	(5,201,536)	-
Net other financing sources (uses)	(775,000)	(586,754)	(1,361,754)	(5,201,536)	(3,839,782)
Net change in fund balance	\$ -	\$ -	\$ -	(493,279)	\$ (493,279)
Fund balance, July 1, 2018				19,744,395	
Fund balance, June 30, 2019				<u>\$ 19,251,116</u>	

**Reconciliation to Exhibit D**

	Revenues	Expenditures	Fund Balance
Budgetary Basis - RSI-1A	\$ 77,999,027	\$ 73,290,770	\$ 19,251,116
Accrued payroll	-	47,468	(256,379)
Other funds (Schedule 2)	244,295	625,948	(621,210)
State Teachers' pension on-behalf amount	6,369,195	6,369,195	-
State Teachers' OPEB on-behalf amount	176,712	176,712	-
Balance, GAAP basis, Exhibit D	<u>\$ 84,789,229</u>	<u>\$ 80,510,093</u>	<u>\$ 18,373,527</u>

## Town of Bethel, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Revenues and Other Financing Sources**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 64,492,493	\$ -	\$ 64,492,493	\$ 66,091,700	\$ 1,599,207
Interest and lien fees	200,000	-	200,000	330,998	130,998
Telephone access tax	50,000	-	50,000	-	(50,000)
PILOT- Reynolds Ridge	47,000	-	47,000	89,861	42,861
PILOT- Augustana	16,541	-	16,541	28,761	12,220
Total property taxes	64,806,034	-	64,806,034	66,541,320	1,735,286
Intergovernmental:					
Equal cost sharing	7,080,067	-	7,080,067	7,876,603	796,536
Continuing education	11,259	-	11,259	12,408	1,149
Health and welfare	-	-	-	5,061	5,061
Town aid roads	321,818	-	321,818	323,296	1,478
PILOT- State owned property	136	-	136	25,535	25,399
Disability tax loss	-	-	-	1,807	1,807
Veterans tax relief	-	-	-	8,324	8,324
LOCIP	139,098	-	139,098	-	(139,098)
Colleges and hospitals	4	-	4	-	(4)
Other state revenue	282,660	-	282,660	315,023	32,363
Total intergovernmental	7,835,042	-	7,835,042	8,568,057	733,015
Charges for services:					
Hunting and fishing licenses	250	-	250	105	(145)
Marriage licenses	1,000	-	1,000	1,026	26
Town farmland preservation	7,000	-	7,000	16,529	9,529
Recreational programs	575,640	-	575,640	643,563	67,923
Conveyance tax	275,000	-	275,000	320,796	45,796
Recording fees	118,058	-	118,058	85,660	(32,398)
Town Clerk other revenue	-	-	-	8,737	8,737
Town Clerk copy receipts	40,000	-	40,000	41,358	1,358
CIRMA revenue sharing	50,000	-	50,000	67,346	17,346
Senior Center activities	36,000	-	36,000	49,433	13,433
Parking fines	3,000	-	3,000	2,685	(315)
Other licenses and permits	-	-	-	35,908	35,908
Building and zoning	300,000	-	300,000	345,831	45,831
Pistol permits	5,000	-	5,000	4,120	(880)
Dog licenses	4,000	-	4,000	9,916	5,916
Canine receipts	2,000	-	2,000	1,187	(813)
Planning and zoning	15,000	-	15,000	21,085	6,085
Zoning board of appeals	2,000	-	2,000	930	(1,070)
Police receipts	2,500	-	2,500	2,455	(45)
Police other	100,000	-	100,000	98,022	(1,978)
Vendor licenses	2,000	-	2,000	3,400	1,400
Public works permits	-	-	-	1,355	1,355
Permits/installations	-	-	-	4,250	4,250
Dumping charges	178,000	-	178,000	98,486	(79,514)
Scrap metal/appliances	4,000	-	4,000	9,116	5,116
Brush	1,000	-	1,000	625	(375)
Library fees	10,000	-	10,000	8,633	(1,367)
Total charges for services	1,731,448	-	1,731,448	1,882,557	151,109
Use of money and property:					
Interest	250,000	-	250,000	977,085	727,085
Property leases	30,000	-	30,000	30,008	8
Total use of money and property	280,000	-	280,000	1,007,093	727,093
Total revenues	74,652,524	-	74,652,524	77,999,027	3,346,503
Other financing sources:					
Appropriation of fund balance	-	3,839,782	3,839,782	-	(3,839,782)
Total revenues and other financing sources	<u>\$ 74,652,524</u>	<u>\$ 3,839,782</u>	<u>\$ 78,492,306</u>	<u>\$ 77,999,027</u>	<u>\$ (493,279)</u>



Town of Bethel, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Selectmen	\$ 260,196	\$ 25,482	\$ 285,678	\$ 285,678	\$ -
Treasurer	6,000	1,787	7,787	7,787	-
Finance department	442,814	20,880	463,694	463,694	-
Town clerk	233,510	(8,441)	225,069	225,069	-
Assessor	224,942	1,659	226,601	226,601	-
Tax collector	205,018	1,629	206,647	206,647	-
Legal department	216,080	85,748	301,828	301,828	-
Probate court	5,201	(174)	5,027	5,027	-
Data processing	301,903	(990)	300,913	300,913	-
Town insurance	1,399,999	(61,280)	1,338,719	1,338,719	-
Planning and zoning	236,304	11,162	247,466	247,466	-
Registrar of voters	100,350	(2,166)	98,184	98,184	-
Town boards and commissions	56,750	(20,631)	36,119	36,119	-
Parks and recreation	1,293,759	249,474	1,543,233	1,543,233	-
Employee benefits	5,898,235	(423,680)	5,474,555	5,474,555	-
Agency subsidies	168,425	(3,899)	164,526	164,526	-
Utilities, charges and services	2,518,684	(100,601)	2,418,083	2,418,083	-
Other charges	276,029	(231,075)	44,954	44,954	-
Senior center	232,515	(2,053)	230,462	230,462	-
Total general government	14,076,714	(457,169)	13,619,545	13,619,545	-
Public safety:					
Building and inspection	248,945	19,865	268,810	268,810	-
Emergency management	28,176	21,891	50,067	50,067	-
Fire marshal	96,819	5,000	101,819	101,819	-
Bethel fire department	170,250	28,352	198,602	198,602	-
Stony Hill fire department	128,750	15,641	144,391	144,391	-
Police department	4,570,424	(68,301)	4,502,123	4,502,123	-
Total public safety	5,243,364	22,448	5,265,812	5,265,812	-
Health and welfare:					
Social services	88,883	(7,334)	81,549	81,549	-
Health department	318,101	(30,963)	287,138	287,138	-
Total health and welfare	406,984	(38,297)	368,687	368,687	-
Public works:					
Fleet maintenance	331,050	23,309	354,359	354,359	-
Public works administration	322,478	44,759	367,237	367,237	-
Highway department	2,071,113	(111,488)	1,959,625	1,959,625	-
Transfer station	185,125	(4,287)	180,838	180,838	-
Building maintenance	722,212	68,960	791,172	791,172	-
Tree warden	85,400	34,535	119,935	119,935	-
Total public works	3,717,378	55,788	3,773,166	3,773,166	-
Library	877,556	(41,020)	836,536	836,536	-

(Continued)

Town of Bethel, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Education:					
Board of education	\$ 45,116,282	\$ -	\$ 45,116,282	\$ 45,116,282	\$ -
Education maintenance	500,008	(20,066)	479,942	479,942	-
Total education	45,616,290	(20,066)	45,596,224	45,596,224	-
Debt service	3,939,238	(108,438)	3,830,800	3,830,800	-
Total expenditures	73,877,524	(586,754)	73,290,770	73,290,770	-
Other financing uses:					
Transfers to other funds:					
Paramedic intercept	275,000	-	275,000	275,000	-
Debt service fund	-	1,786,536	1,786,536	1,786,536	-
Capital nonrecurring fund	500,000	2,640,000	3,140,000	3,140,000	-
Total other financing uses	775,000	4,426,536	5,201,536	5,201,536	-
Total expenditures and other financing uses	\$ 74,652,524	\$ 3,839,782	\$ 78,492,306	\$ 78,492,306	\$ -

(Concluded)

**Town of Bethel, Connecticut****Notes to Required Supplementary Information****Budgets and Budgetary Accounting  
June 30, 2019**

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

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

1. The Town does not recognize as revenue or expenditures payments made for the State Teacher's pension and OPEB by the State of Connecticut on the Town's behalf.
2. Accrued payroll.
3. Certain funds that are required to be reported as part of the general fund under the requirement of GASB 54.

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

The Board of Finance submits its proposed budget to the annual Town Meeting, which is held on one of the first seven days in May. Those in attendance at the annual Town Meeting may, by majority vote, decrease any appropriations or approve the appropriations as presented. Appropriations may not be increased. The final budget is then automatically referred to a machine vote for approval. The date of the machine vote is also established by the annual Town Meeting, which must be held not less than seven nor more than fourteen days from the date of the annual Town Meeting.

The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another, with the exception of the wage contingency account. Authority to transfer budgeted funds is vested in the Comptroller for settlement of union contracts and general salary increases approved by the First Selectman only. Management may not authorize any additional appropriations. All additional appropriations less than \$50,000 require Board of Selectmen and Board of Finance approval. Those in excess of \$50,000 require full legislative approval (Town Meeting).

There were additional appropriations of \$3,839,782 during the year.

Formal budgetary integration is employed as a management control device during the year.

The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion.

## Town of Bethel, Connecticut

## Required Supplementary Information

Town Plan  
Last Five Years (1)

	2019	2018	2017	2016	2015
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>					
Total pension liability:					
Service cost	\$ 761,169	\$ 851,894	\$ 785,563	\$ 822,302	\$ 824,737
Interest	2,523,082	2,481,626	2,149,718	2,063,282	1,958,065
Change of benefit terms	-	-	2,396,107	33	-
Differences between expected and actual experience	379,045	259,629	206,471	(14,173)	-
Benefit payments, including refunds of member contributions	<u>(1,952,709)</u>	<u>(1,841,693)</u>	<u>(1,521,542)</u>	<u>(1,368,871)</u>	<u>(1,295,920)</u>
Net change in total pension liability	1,710,587	1,751,456	4,016,317	1,502,573	1,486,882
Total pension liability - July 1	<u>37,578,235</u>	<u>35,826,779</u>	<u>31,810,462</u>	<u>30,307,889</u>	<u>28,821,007</u>
Total pension liability - June 30 (a)	<u><u>\$39,288,822</u></u>	<u><u>\$ 37,578,235</u></u>	<u><u>\$35,826,779</u></u>	<u><u>\$ 31,810,462</u></u>	<u><u>\$ 30,307,889</u></u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,200,000	\$ 1,190,000	\$ 1,200,000	\$ 2,751,446	\$ 3,083,429
Contributions - member	446,766	411,011	399,468	341,395	285,418
Net investment income	1,605,605	2,236,644	2,838,413	(265,630)	369,456
Benefit payments, including refunds of member contributions	(1,952,709)	(1,841,693)	(1,521,542)	(1,368,871)	(1,295,920)
Administration	(251,398)	(239,680)	(102,552)	(44,388)	-
Transfer in from police plan	<u>-</u>	<u>81,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,048,264	1,838,010	2,813,787	1,413,952	2,442,383
Plan fiduciary net position - July 1	<u>31,803,808</u>	<u>29,965,798</u>	<u>27,152,011</u>	<u>25,738,059</u>	<u>23,295,676</u>
Plan fiduciary net position - June 30 (b)	<u><u>\$32,852,072</u></u>	<u><u>\$ 31,803,808</u></u>	<u><u>\$29,965,798</u></u>	<u><u>\$ 27,152,011</u></u>	<u><u>\$ 25,738,059</u></u>
Net pension liability - June 30 (a)-(b)	<u><u>\$ 6,436,750</u></u>	<u><u>\$ 5,774,427</u></u>	<u><u>\$ 5,860,981</u></u>	<u><u>\$ 4,658,451</u></u>	<u><u>\$ 4,569,830</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.62%</u>	<u>84.63%</u>	<u>83.64%</u>	<u>85.36%</u>	<u>84.92%</u>
Covered payroll	<u>\$ 7,417,168</u>	<u>\$ 7,649,740</u>	<u>\$ 7,775,861</u>	<u>\$ 7,607,181</u>	<u>\$ 7,607,181</u>
Net pension liability as a percentage of covered payroll	<u>86.78%</u>	<u>75.49%</u>	<u>75.37%</u>	<u>61.24%</u>	<u>60.07%</u>
<b><u>Schedule of Investment Returns</u></b>					
Annual money weighted rate of return, net investment expense	<u>4.29%</u>	<u>6.99%</u>	<u>10.51%</u>	<u>(1.11%)</u>	<u>2.40%</u>

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

**Town of Bethel, Connecticut**  
**Required Supplementary Information**

**Town Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 1,030,940	\$ 926,377	\$ 867,137	\$ 2,013,334	\$ 2,013,334	\$ 1,986,076	\$ 2,086,345	\$ 1,918,557	\$ 2,029,673	\$ 2,173,082
Contributions in relation to the actuarially determined contribution	<u>1,200,000</u>	<u>1,190,000</u>	<u>1,200,000</u>	<u>2,751,446</u>	<u>3,083,429</u>	<u>2,559,953</u>	<u>1,859,681</u>	<u>1,736,824</u>	<u>1,356,000</u>	<u>1,300,000</u>
Contribution excess (deficiency)	<u>\$ 169,060</u>	<u>\$ 263,623</u>	<u>\$ 332,863</u>	<u>\$ 738,112</u>	<u>\$ 1,070,095</u>	<u>\$ 573,877</u>	<u>\$ (226,664)</u>	<u>\$ (181,733)</u>	<u>\$ (673,673)</u>	<u>\$ (873,082)</u>
Covered payroll	<u>\$ 7,417,168</u>	<u>\$ 7,649,740</u>	<u>\$ 7,775,861</u>	<u>\$ 7,607,181</u>	<u>\$ 7,607,181</u>	<u>\$ 7,739,426</u>	<u>\$ 7,678,530</u>	<u>\$ 7,711,696</u>	<u>\$ 7,503,503</u>	<u>\$ 7,219,991</u>
Contributions as a percentage of covered payroll	<u>16.18%</u>	<u>15.56%</u>	<u>15.43%</u>	<u>36.17%</u>	<u>40.53%</u>	<u>33.08%</u>	<u>24.22%</u>	<u>22.52%</u>	<u>18.07%</u>	<u>18.01%</u>

## Town of Bethel, Connecticut

## Notes to Required Supplementary Information

Town Plan  
Schedule of Contributions  
Last Six Years (1)

	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Frozen initial liability method	Frozen initial liability method
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level dollar
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.70%	2.70%	2.70%	2.70%	2.70%	2.00%
Salary Increases	3.00%	3.00%	3.00%	4.50%	4.50%	3.00%
Investment Rate of Return	6.75%	6.75%	6.75%	7.25%	7.25%	8.00%
Mortality Rate	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Based on the 1983 Group Mortality Table 50% male 50% female

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

## Town of Bethel, Connecticut

## Required Supplementary Information

Police Plan  
Last Five Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>					
Total pension liability:					
Service cost	\$ 554,711	\$ 525,522	\$ 484,820	\$ 506,137	\$ 476,144
Interest	1,145,482	1,029,914	1,058,018	998,784	918,850
Differences between expected and actual experience	95,623	(202,969)	(425,369)	122,464	-
Benefit payments, including refunds of member contributions	<u>(687,545)</u>	<u>(636,273)</u>	<u>(530,615)</u>	<u>(474,173)</u>	<u>(460,787)</u>
Net change in total pension liability	1,108,271	716,194	586,854	1,153,212	934,207
Total pension liability - July 1	<u>16,753,556</u>	<u>16,037,362</u>	<u>15,450,508</u>	<u>14,297,296</u>	<u>13,363,089</u>
Total pension liability - June 30 (a)	<u>\$ 17,861,827</u>	<u>\$ 16,753,556</u>	<u>\$ 16,037,362</u>	<u>\$ 15,450,508</u>	<u>\$ 14,297,296</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,050,000	\$ 1,025,000	\$ 1,021,720	\$ 513,000	\$ 472,000
Contributions - member	200,478	211,773	181,099	198,552	252,142
Net investment income	717,189	794,474	977,787	(91,082)	259,775
Benefit payments, including refunds of member contributions	(687,545)	(636,273)	(530,615)	(474,173)	(460,787)
Administration	(85,396)	(94,651)	(35,042)	(24,922)	-
Transfer out to town plan	<u>-</u>	<u>(81,728)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,194,726	1,218,595	1,614,949	121,375	523,130
Plan fiduciary net position - July 1	<u>12,004,637</u>	<u>10,786,042</u>	<u>9,171,093</u>	<u>9,049,718</u>	<u>8,526,588</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 13,199,363</u>	<u>\$ 12,004,637</u>	<u>\$ 10,786,042</u>	<u>\$ 9,171,093</u>	<u>\$ 9,049,718</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 4,662,464</u>	<u>\$ 4,748,919</u>	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.90%</u>	<u>71.65%</u>	<u>67.26%</u>	<u>59.36%</u>	<u>63.30%</u>
Covered payroll	<u>\$ 2,579,921</u>	<u>\$ 2,443,220</u>	<u>\$ 2,547,952</u>	<u>\$ 2,407,527</u>	<u>\$ 2,407,527</u>
Net pension liability as a percentage of covered payroll	<u>180.72%</u>	<u>194.37%</u>	<u>206.10%</u>	<u>260.82%</u>	<u>217.97%</u>
<b><u>Schedule of Investment Returns</u></b>					
Annual money weighted rate of return, net investment expense	<u>4.29%</u>	<u>6.61%</u>	<u>10.50%</u>	<u>(1.11%)</u>	<u>2.67%</u>

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

**Town of Bethel, Connecticut**  
**Required Supplementary Information**

**Police Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 795,459	\$ 836,141	\$ 753,358	\$ 612,450	\$ 612,450	\$ 593,686	\$ 579,931	\$ 566,342	\$ 621,153	\$ 600,090
Contributions in relation to the actuarially determined contribution	<u>1,050,000</u>	<u>1,025,000</u>	<u>1,021,720</u>	<u>513,000</u>	<u>472,000</u>	<u>375,000</u>	<u>340,319</u>	<u>385,084</u>	<u>369,028</u>	<u>255,777</u>
Contribution excess (deficiency)	<u>\$ 254,541</u>	<u>\$ 188,859</u>	<u>\$ 268,362</u>	<u>\$ (99,450)</u>	<u>\$ (140,450)</u>	<u>\$ (218,686)</u>	<u>\$ (239,612)</u>	<u>\$ (181,258)</u>	<u>\$ (252,125)</u>	<u>\$ (344,313)</u>
Covered payroll	<u>\$ 2,579,921</u>	<u>\$ 2,443,220</u>	<u>\$ 2,547,952</u>	<u>\$ 2,407,527</u>	<u>\$ 2,407,527</u>	<u>\$ 2,337,955</u>	<u>\$ 2,337,478</u>	<u>\$ 2,357,269</u>	<u>\$ 2,180,272</u>	<u>\$ 2,242,755</u>
Contributions as a percentage of covered payroll	<u>40.70%</u>	<u>41.95%</u>	<u>40.10%</u>	<u>21.31%</u>	<u>19.61%</u>	<u>16.04%</u>	<u>14.56%</u>	<u>16.34%</u>	<u>16.93%</u>	<u>11.40%</u>



## Town of Bethel, Connecticut

## Notes to Required Supplementary Information

**Police Plan**  
**Schedule of Contributions**  
**Last Six Years (1)**

	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Frozen initial liability method	Frozen initial liability method
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level dollar
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.70%	2.70%	2.70%	2.70%	2.70%	2.00%
Salary Increases	4.00%	4.00%	4.00%	4.50%	4.50%	4.50%
Investment Rate of Return	6.75%	6.75%	6.75%	7.00%	7.00%	7.00%
Mortality Rate	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Based on the 1983 Group Mortality Table 50% male 50% female.

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

## Town of Bethel, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Five Years (3)

		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Proportionate Share of the Net Pension Liability</u></b>						
Town's proportion of the net pension liability		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability		\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town		<u>65,901,106</u>	<u>74,004,441</u>	<u>78,075,252</u>	<u>59,345,782</u>	<u>54,853,282</u>
Total		<u>\$ 65,901,106</u>	<u>\$ 74,004,441</u>	<u>\$ 78,075,252</u>	<u>\$ 59,345,782</u>	<u>\$ 54,853,282</u>
Town's covered payroll	(2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability		<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
<b><u>Schedule of Contributions</u></b>						
Contractually required contribution	(1)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<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 pension liability

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

## Town of Bethel, Connecticut

## Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement System**  
**Schedule of Contributions**  
**Last Five Years (1)**

	2019	2018	2017	2016	2015
Changes of Benefit Terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	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.	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.	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.	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

## Town of Bethel, Connecticut

## Required Supplementary Information

**Other Post-Employment Benefit Plan  
Schedule of Changes in OPEB Liability  
Last Two Years (1)**

	<u>2019</u>	<u>2018</u>
OPEB liability:		
Service cost	\$ 561,230	\$ 574,246
Interest	564,180	517,131
Changes in assumptions	608,316	(462,238)
Benefit payments, including refunds of member contributions	<u>(519,814)</u>	<u>(445,845)</u>
Net change in OPEB liability	1,213,912	183,294
OPEB liability - July 1	<u>14,276,984</u>	<u>14,093,690</u>
OPEB liability - June 30 (a) *	<u><u>\$15,490,896</u></u>	<u><u>\$14,276,984</u></u>

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

Covered payroll information was not available

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

## Town of Bethel, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Two Years (3)

		<u>2019</u>	<u>2018</u>
<b><u>Schedule of Proportionate Share of the Net OPEB Liability</u></b>			
Town's proportionate share of the net OPEB liability		<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net OPEB liability		<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net OPEB liability associated with the Town		<u>13,174,071</u>	<u>19,047,909</u>
Total		<u>\$ 13,174,071</u>	<u>\$ 19,047,909</u>
Town's covered payroll	(2)	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		<u>1.49%</u>	<u>1.79%</u>
<b><u>Schedule of Contributions</u></b>			
Contractually required contribution	(1)	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution		<u>-</u>	<u>-</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2)	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll		<u>0.00%</u>	<u>0.00%</u>

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

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

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

## Town of Bethel, Connecticut

## Notes to Required Supplementary Information

**CT State Teachers' Retirement Board Retiree Health Insurance Plan**  
**Schedule of Contributions**  
**Last Two Years (1)**

	<b>2019</b>	<b>2018</b>
Changes of Benefit Terms	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016
Actuarial methods and assumptions used to determine contribution rates:		
Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value
Inflation	2.75%	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	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.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.

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

***Appendix B-1***

***Form of Opinion of Bond Counsel - Bonds***

**FORM OF OPINION OF BOND COUNSEL  
TOWN OF BETHEL, CONNECTICUT  
\$20,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020**

July \_\_, 2020

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

We have acted as Bond Counsel in connection with the issuance by the Town of Bethel (the “Town”), in the State of Connecticut, of its \$20,000,000 General Obligation Bonds, Issue of 2020 (the “Bonds”) dated July \_\_, 2020. In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Regulatory Agreement of the Town dated July \_\_, 2020 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

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

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



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

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated July \_\_, 2020 and other offering material relating to the Bonds.

The foregoing is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix B-2***

***Form of Opinion of Bond Counsel - Notes***

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

July \_\_, 2020

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

We have acted as Bond Counsel in connection with the issuance by the Town of Bethel (the “Town”), in the State of Connecticut, of its \$20,000,000 General Obligation Bond Anticipation Notes (the “Notes”) dated July \_\_, 2020 and maturing July 23, 2021. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated July \_\_, 2020 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

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

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

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

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

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of any changes in law or fact occurring after the date hereof which may affect the conclusions herein. We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix C-1***

***Form of Continuing Disclosure Agreement for Bonds***

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

**In Connection With The Issuance and Sale of  
\$20,000,000 Town of Bethel, Connecticut  
General Obligation Bonds, Issue of 2020**

This Continuing Disclosure Agreement (“Agreement”) is made as of July \_\_, 2020, by the Town of Bethel, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$20,000,000 General Obligation Bonds, Issue of 2020, dated July \_\_, 2020 (the “Bonds”).

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

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated July \_\_, 2020 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

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

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

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

**Section 2.      Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

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

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

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

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

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight

months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

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

**(i)** principal and interest payment delinquencies;

**(ii)** unscheduled draws on debt service reserves reflecting financial difficulties;

**(iii)** unscheduled draws on credit enhancements reflecting financial difficulties;

**(iv)** substitution of credit or liquidity providers, or their failure to perform;

**(v)** adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

**(vi)** tender offers;

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

*Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.*

**(viii)** Bond defeasances;

**(ix)** rating changes; and

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



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

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

*Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

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

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement

as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Indemnification.** The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

**Section 11. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Clifford J. Hurgin Municipal Center, One School Street, Bethel, Connecticut 06801. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

**TOWN OF BETHEL, CONNECTICUT**

By: \_\_\_\_\_  
Matthew S. Knickerbocker, First Selectman

***Appendix C-2***

***Form of Continuing Disclosure Agreement for Notes***

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

**In Connection With The Issuance and Sale of  
\$20,000,000 Town of Bethel, Connecticut  
General Obligation Bond Anticipation Notes**

This Continuing Disclosure Agreement (“Agreement”) is made as of July \_\_, 2020, by the Town of Bethel, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$20,000,000 General Obligation Bond Anticipation Notes, dated July \_\_, 2020 (the “Notes”).

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

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

“Final Official Statement” means the official statement of the Issuer dated July \_\_, 2020 prepared in connection with the issuance of the Notes.

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

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

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

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

**Section 2. Event Notices.**

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

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

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;

(vi) tender offers;

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

*Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.*

(viii) Note defeasances;

(ix) rating changes; and

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

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

(i) non-payment related defaults;

(ii) modifications to rights of Note holders;

(iii) Note calls;

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

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

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

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

*Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

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

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

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 6. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

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

**Section 8. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure.

The present address of the Issuer is Clifford J. Hurgin Municipal Center, One School Street, Bethel, Connecticut 06801. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

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

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

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

**TOWN OF BETHEL, CONNECTICUT**

By: \_\_\_\_\_  
Matthew S. Knickerbocker, First Selectman



***Appendix D-1***

***Notice of Sale and Bid Form - Bonds***

## NOTICE OF SALE

**TOWN OF BETHEL, CONNECTICUT**  
**\$20,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020**  
**BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF BETHEL, CONNECTICUT (the “Issuer”), until **11:30 A.M. (Eastern Time)** on **WEDNESDAY,**

**JULY 15, 2020**

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$20,000,000 General Obligation Bonds, Issue of 2020, dated July 24, 2020 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on July 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)</u>	<u>Maturity</u>	<u>Amount (\$)</u>
2021	1,000,000	2031	1,000,000
2022	1,000,000	2032	1,000,000
2023	1,000,000	2033	1,000,000
2024	1,000,000	2034	1,000,000
2025	1,000,000	2035	1,000,000
2026	1,000,000	2036	1,000,000
2027	1,000,000	2037	1,000,000
2028	1,000,000	2038	1,000,000
2029	1,000,000	2039	1,000,000
2030	1,000,000	2040	1,000,000

The Bonds will bear interest payable January 15, 2021 and semiannually thereafter on January 15 and July 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

### **Optional Redemption**

The Bonds maturing on or before July 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on or after July 15, 2028, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2028 and thereafter	100.00%

## **Nature of Obligation**

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from 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 lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

## **Bank Qualification**

The Bonds SHALL NOT be designated by the Issuer as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Registration**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

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

interest payment date. The record dates for the Bonds will be the last business day of June and December in each year.

## **Proposals**

Each bid must be for the entire \$20,000,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Issuer, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

## **Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest true interest cost ("TIC") to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest TIC, the Bonds will be sold to the responsible bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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

The Issuer further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

## CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Issuer in a timely manner. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Issuer; provided, however, that 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.

## Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®**. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto:parity@i-deal.com)). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

**Disclaimer.** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper

operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

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

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Bonds the winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Issuer to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about July 24, 2020 (the "Closing Date").

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any

surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

### **Bond Counsel Opinion**

The legality of the issue will be passed upon by Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B-1 to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

### **Establishment of Issue Price**

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael J. Andreana, Pullman & Comley, LLC, 850 Main Street, Bridgeport, CT 06601, Telephone: (203) 330-2235, E-mail: mandreana@pullcom.com and (2) the Municipal Advisor at Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: bbernabe@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that

such bidder's bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

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

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this "Establishment of Issue Price" section.

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

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

***Competitive Sale Rule Met.*** The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed Issue Price Certificate in a form satisfactory to Bond Counsel.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the "Actual Sales Rule") is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the "Hold-the-Offering-Price



Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

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

retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

***Definitions.*** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “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.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

## **Official Statement**

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated July 7, 2020 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com). The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser ten (10) copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th)

business day after the day bids on the Bonds are received. If the Issuer's Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o'clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

### **Continuing Disclosure Agreement**

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the "Agreement"), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C-1. The purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

TOWN OF BETHEL, CONNECTICUT

MATTHEW S. KNICKERBOCKER  
First Selectman

ROBERT V. KOZLOWSKI  
Comptroller

July 7, 2020

***Appendix D-2***

***Notice of Sale and Bid Form - Notes***

**NOTICE OF SALE****TOWN OF BETHEL, CONNECTICUT  
\$20,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES  
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**® (as described herein) will be received by the TOWN OF BETHEL, CONNECTICUT (the “Issuer”), until 11:00A.M. (Eastern Time) on WEDNESDAY,

**JULY 15, 2020**

(the “Sale Date”) for the purchase of the Issuer’s \$20,000,000 General Obligation Bond Anticipation Notes (the “Notes”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the Issuer’s municipal advisor (see “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**® (see “Electronic Bidding Procedures”).

**The Notes**

The Notes are expected to be dated July 24, 2020 and will mature and be payable to the registered owner on July 23, 2021 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated 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.

**Nature of Obligation**

The Notes will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from 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 lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

**Bank Qualification**

The Notes SHALL NOT be designated by the Issuer as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

## **Registration**

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser(s), 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 to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the Noteholder.

## **Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Each bid for the purchase of the Notes must be in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), 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. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the 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 six decimal places. The purchase price must be paid in immediately available federal funds.

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

The Issuer further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

## Electronic Bidding Procedures

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

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

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

For purposes of the telephone bidding process and the electronic bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, as described under "Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms" above, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Notes.

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

## **Telephone Bidding Procedures**

Telephone bids will be received until 11:00 A.M. (Eastern Time) on the Sale Date by an authorized agent of Phoenix Advisors, LLC, the Issuer's municipal advisor. All telephone bids must be made to (203) 283-1110 and be completed by 11:00 A.M. (Eastern Time) on the Sale Date.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the 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 Issuer by the time required. A bid received after the time specified, as determined in the Issuer's sole discretion, will not be reviewed or honored by the Issuer.

## **CUSIP Numbers**

The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors, LLC to obtain CUSIP numbers for the Notes prior to delivery, and Phoenix Advisors, LLC, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder(s). The Issuer will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Issuer in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Issuer; provided, however, that 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.

## **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

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

## **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Notes each winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Issuer to levy and collect taxes to pay them; (c) a copy of the Official Statement prepared for this note issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about July 24, 2020 (the "Closing Date").



The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

### **Bond Counsel Opinion**

The legality of the issue will be passed upon by Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B-2 to the Official Statement. The opinion will appear on each note certificate and will state that the Notes are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the "Establishment of Issue Price" section) is met, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed "issue price" certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price". In rendering such legal opinion, Pullman & Comley, 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 compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement.

### **Establishment of Issue Price**

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Notes from the gross income of their owners, each winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Notes an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this "Establishment of Issue Price" section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael J. Andreana, Pullman & Comley, LLC, 850 Main Street, Bridgeport, CT 06601, Telephone: (203) 330-2235, E-mail: mandreana@pullcom.com and (2) the Municipal Advisor at Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: bbernabe@muniadvisors.com (the "Municipal Advisor"). Questions related to this "Establishment of Issue Price" section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the "issue price" of the Notes pursuant to Section 148

of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds or notes such as the Notes, represents that such bidder's bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

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

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, each winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this "Establishment of Issue Price" section.

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

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

***Competitive Sale Rule Met.*** The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise each winning bidder if the Competitive Sale Rule has been met. The winning bidder(s) will be required to deliver to Bond Counsel on behalf of the Issuer prior to the delivery of the Notes a completed Issue Price Certificate in a form satisfactory to Bond Counsel.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder(s). The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the "Actual Sales Rule") is sold to the Public as the issue price of that

Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, each winning bidder, by 4:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with each winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

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 (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case 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 (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public

and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “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.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “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 definition 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).

## **Official Statement**

For more information regarding the Notes or the Issuer, reference is made to the Preliminary Official Statement dated July 7, 2020 (the “Official Statement”) describing the Notes and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com> and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 283-1110, E-mail: [bbernabe@muniadvisors.com](mailto:bbernabe@muniadvisors.com). The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser ten (10) copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

## **Continuing Disclosure Agreement**

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix C-2. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

TOWN OF BETHEL, CONNECTICUT

MATTHEW S. KNICKERBOCKER  
First Selectman

ROBERT V. KOZLOWSKI  
Comptroller

July 7, 2020

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