

NEW ISSUE
Book-Entry-Only

Ratings: Moody's Investors Service "Aa2"
Standard & Poor's "AA+"

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B – "Opinion of Bond Counsel and Tax Exemption" herein.



OFFICIAL STATEMENT
\$22,000,000
TOWN OF WETHERSFIELD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2014

Dated: Date of Delivery

Due: Serially, as Shown on Inside Cover

Interest on the Bonds will be payable on March 1, 2015 and semiannually thereafter on the first day of September and March of each year. 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 multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee for 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 System" herein.

The Bonds are subject to redemption prior to maturity as more fully described herein.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive form will be made on or about December 11, 2014 through the facilities of DTC.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Raymond James & Associates, Inc.

Official Statement Dated December 3, 2014



\$22,000,000
TOWN OF WETHERSFIELD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2014

Dated: Date of Delivery

Due: September 1, as Shown Below

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number¹</u>	<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number¹</u>
2015	\$1,100,000	5.000%	0.20%	961862RB7	2025	\$1,100,000	3.000%	104.289 ²	961862RM3
2016	1,100,000	5.000%	0.42%	961862RC5	2026	1,100,000	5.000%	121.262 ²	961862RN1
2017	1,100,000	5.000%	0.70%	961862RD3	2027	1,100,000	5.000%	120.401 ²	961862RP6
2018	1,100,000	5.000%	0.90%	961862RE1	2028	1,100,000	3.000%	3.01%	961862RQ4
2019	1,100,000	5.000%	1.20%	961862RF8	2029	1,100,000	3.000%	3.09%	961862RR2
2020	1,100,000	5.000%	1.48%	961862RG6	2030	1,100,000	3.000%	3.16%	961862RS0
2021	1,100,000	5.000%	1.75%	961862RH4	2031	1,100,000	3.125%	3.25%	961862RT8
2022	1,100,000	5.000%	2.00%	961862RJ0	2032	1,100,000	3.125%	3.30%	961862RU5
2023	1,100,000	5.000%	2.10%	961862RK7	2033	1,100,000	3.250%	3.35%	961862RV3
2024	1,100,000	5.000%	2.25%	961862RL5	2034	1,100,000	3.375%	3.40%	961862RW1

- ¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.
- ² Priced at the stated yield to the first optional redemption date of September 1, 2024 at a price of 100%; however any such redemption is at the election of the Town.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

- Issuer:** Town of Wethersfield, Connecticut
- Issue:** \$22,000,000 General Obligation Bonds, Issue of 2014, book-entry only
- Financial Advisor:** Public Financial Management, Inc.
- Date of Sale:** Sealed bids and electronic bids via PARITY® on Wednesday, December 3, 2014, until 11:00 A.M. (E.D.T.)
- Location of Sale:** Day Pitney LLP, Bushnell Conference Room, 242 Trumbull Street, Hartford, Connecticut 06103
- Dated Date:** Date of delivery
- Interest Date:** March 1, 2015 and semiannually thereafter on September 1 and March 1
- Principal Due:** Serially, September 1, 2015 through September 1, 2034, as detailed in this Official Statement.
- Purpose:** The Bonds are being issued to finance the renovations to the Wethersfield High School.
- Redemption:** The Bonds are subject to redemption prior to maturity as described herein.
- Security:** The Bonds will be general obligations of the Town of Wethersfield, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.
- Bank Qualification:** The Bonds shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
- Credit Ratings:** See “Ratings” herein.
- Credit Enhancement:** The Town does not expect to direct purchase a credit enhancement facility.
- Basis of Award:** Lowest True Interest Cost, as of the dated date
- Tax Exemption:** In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the

Federal alternative minimum tax. See Appendix B – “Opinion of Bond Counsel and Tax Exemption” herein.

**Certifying Agent,
Registrar, Transfer
Agent and Paying
Agent:**

U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103

Legal Opinion:

Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.

Delivery:

It is expected that delivery of the Bonds in book-entry-only form through the facilities of DTC will be made on or about December 11, 2014.

**Final Official
Statement:**

This Official Statement is in a form “deemed final” by the Town for the purposes of SEC Rule 15c2-12(b)(1).

**Continuing
Disclosure:**

See Appendix C – “Continuing Disclosure Agreement for Bonds” herein.

The Official Statement is available in electronic form at www.i-dealprospectus.com. For additional copies of the Official Statement or requests for additional information, please contact:

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INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Wethersfield, Connecticut (the “Town”) in connection with the sale of \$22,000,000 General Obligation Bonds, Issue of 2014 (the “Bonds”), of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale and Proposal for Bonds dated November 21, 2014 has been furnished to prospective bidders. Reference is made to the Notice of Sale and Proposal for Bonds which is included as Appendix E for the terms and conditions of the bidding.

The successful bidder for the Bonds may add a separate page on the front of this Official Statement to indicate its name, the Bond offering prices, the interest rate per annum on the Bonds, information regarding ratings and insurance (if any), and any other information which the successful bidder deems appropriate.

The 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. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds, and, if given or made, such information or representation must not be relied upon. 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 to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

The information in this Official Statement has been prepared by the Town’s financial advisor, Public Financial Management, Inc. (the “Financial Advisor”), from information supplied by the Town’s officials and other sources as indicated. The Financial Advisor does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. An agreement between the Town and the Financial Advisor has been entered into to conform to Municipal Securities Rulemaking Board (“MSRB”) Rule G-23. U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent and Paying Agent for the Bonds.

Set forth in Appendix A – “Audited Financial Statements” 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 are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B herein), and they make no representation that they have independently verified the same.

SECTION I – SECURITIES OFFERED

Description of the Bonds

The Bonds will be dated the date of delivery and shall have the maturities and bear interest at the rate or rates per annum as set forth on the inside cover page of the Official Statement. The Bonds will bear interest payable on March 1, 2015 and semiannually thereafter on September 1 and March 1 in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest on the Bonds will be payable to the registered owner as of the close of business on the fifteenth business day of August and February 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 and the Town shall agree. The Bonds will be payable at the principal office of U.S. Bank National Association, Hartford, Connecticut. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only System” herein.

The Bonds **are** subject to redemption prior to maturity as more fully described herein.

Authorization and Purpose

\$22,000,000 Bonds: Pursuant to a vote taken by the Town Council of the Town of Wethersfield at its meeting on January 17, 2012 and approved at referendum held April 24, 2012, the Town authorized the issuance of bonds in an amount up to \$74,816,617 for the purpose of financing the costs with respect to the design, construction, equipping and furnishing of additions and renovations to Wethersfield High School.

Optional Redemption

The Bonds maturing on or before September 1, 2024 are not subject to redemption prior to maturity. The Bonds maturing on September 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after September 1, 2024, either in whole or in part at any time, in such order of maturity and amount as the Town 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>
September 1, 2024 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 at least thirty days prior to the date fixed for redemption to the registered owner of any Bonds designated for redemption in whole or in part, at the address of such registered owner as the same shall last appear on the registration books for the Bonds. 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 a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its 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 content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts 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 DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of 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 the Town, the Registrar or Paying Agent.

Ratings

On November 20, 2014, Moody's Investors Service assigned a rating of Aa2 to the Bonds and affirmed the Aa2 rating on the Town's parity debt outstanding. On November 21, 2014, Standard & Poor's released its rating report that assigned a rating of AA+ to the Bonds and affirmed the AA+ rating on the Town's parity debt outstanding. The Town furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of the rating agencies and are subject to revision or withdrawal, which could affect the market price of the Bonds. The rating agencies should be contacted directly for its rating on the Bonds and the explanation of such rating.

Security and Remedies

The Bonds will be general obligations of the Town of Wethersfield, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such classified forest land on the last completed grand list of the Town. 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, to the extent of appropriated amounts, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

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

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

The Town is subject to suit on its general obligation 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 payment of a judgment on such bonds or notes 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 or notes would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

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

Book-Entry-Only System

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

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

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

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

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, 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 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 at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

DTC Practices

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

[Remainder of page intentionally left blank.]

SECTION II – THE ISSUER

Description of the Town

The Town of Wethersfield, settled in 1634 and incorporated in 1822, is one of the oldest communities in Connecticut. In 2009 the Town celebrated its 375th anniversary. Known as “Ye Most Ancient Towne” in Connecticut, Wethersfield is a suburban community with a rich history. In 1781, Washington and Rochambeau planned the battle of Yorktown at the Webb House on Main Street. Today the Town draws thousands of visitors each year to experience its authentic New England village charm in Old Wethersfield, the largest historic district in the State.

Covering an area of 13.0 square miles, the Town is located in the central region of the State, immediately south of the City of Hartford. Wethersfield is also bordered by Newington on the west, Rocky Hill on the south, and the Connecticut River on the east. The Towns of East Hartford and Glastonbury are directly across the Connecticut River from Wethersfield.

The transportation system is highlighted by access to Interstate Route 91 which follows the Connecticut River through Wethersfield and connects the Town to Interstate Routes 95 and 84. These interstate connections permit two-hour travel time to both New York and Boston. Routes 5 and 15, also known as the Berlin Turnpike and the Wilbur Cross Parkway, respectively, are major regional connector routes that give residents and employers easy access to New Haven and Fairfield counties. Route 3 connects Wethersfield with Glastonbury and Route 2 via a bridge across the Connecticut River. Route 99, the Silas Deane Highway, is the major commercial district. A total of 105 miles of Town roads and 20 miles of state roads provide a comprehensive highway network. The community is well served by local bus service, is home to a stretch of the Providence and Worcester Railroad freight rail line, and is only 25 miles from Bradley International Airport in Windsor Locks.

Wethersfield is a suburban, residential town blending a modern cosmopolitan community with strong ties to a deeply rooted colonial heritage. Wethersfield’s unique old-town historic district, which was established in 1962 and is the largest in the state, is located along the scenic riverfront, attracts tourists, and a more recently developed commercial and industrial area serves the community and the region. The Town’s population is estimated at 26,594 according to the U.S. Census Bureau 2011-2013 American Community Survey. The population is stable with a median age of approximately 44 years. The median household income of \$76,196 is 109.6% of the Connecticut average of \$69,519 as stated by the U.S. Census Bureau 2008-2012 American Community Survey.

The Town is a mature community with long-established land use patterns. Residential use accounts for 46%, public and semi-public 26%, open space 23%, commercial 4% and industrial 1%. The fact that land is such a limited resource makes it imperative that commercial property in Town be put to its highest and best use. The Town has recently amended and updated its zoning regulations for this purpose. Although at 13.0 square miles the Town is one of the smallest in the Hartford area, it has the second largest percentage of land devoted to municipal parks at 7.4%.

The Town provides a full range of municipal services including police and fire protection, maintenance and sanitation, health, human services, library, education, cultural and recreational activities, public improvements, planning and zoning, and general administrative services as described below under the headline “Summary of Municipal Services”. The relatively high median age indicates a demand for services to the elderly. Wethersfield satisfies this demand with numerous programs and services.

Government Organization

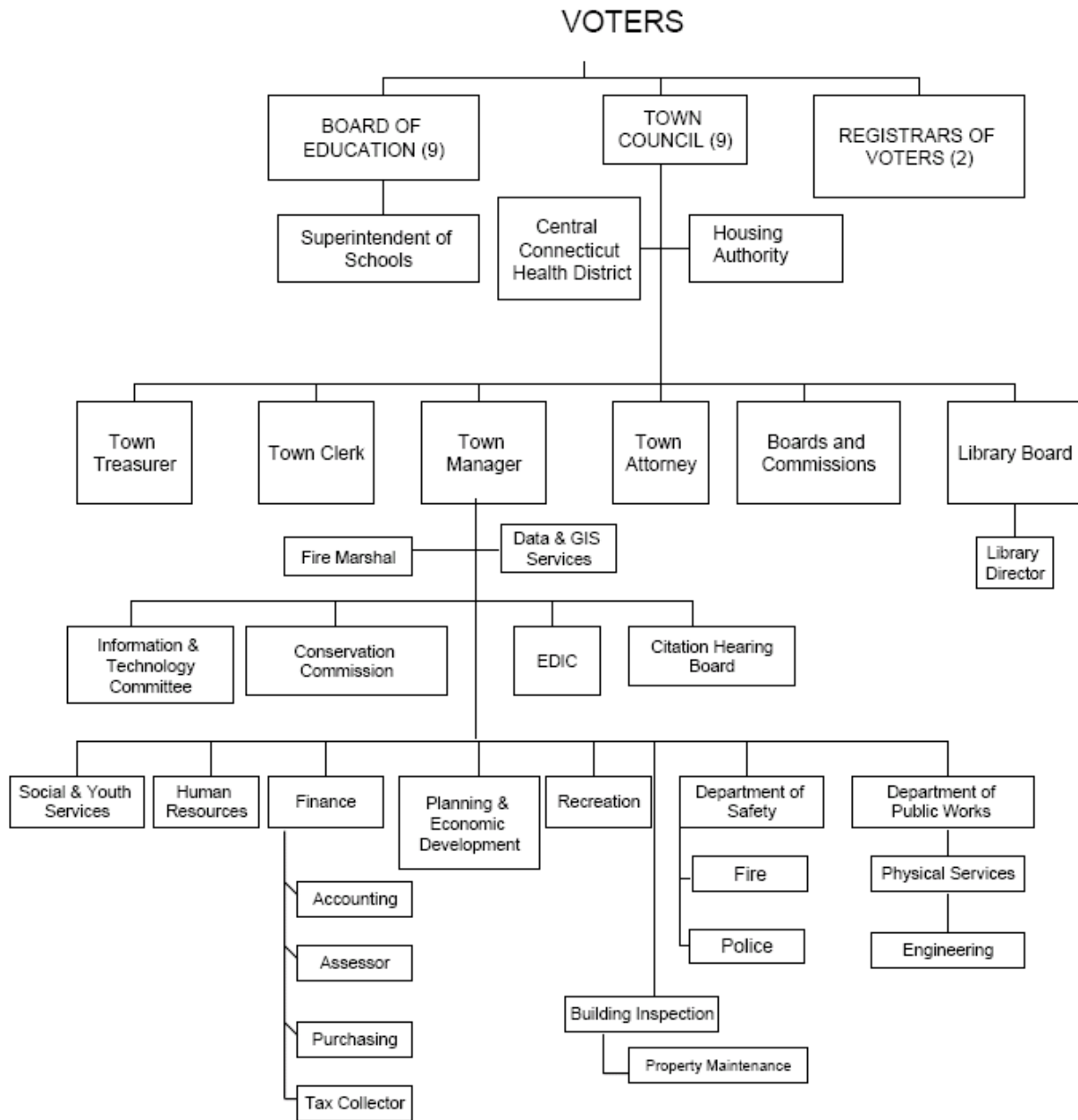
Wethersfield adopted the Council-Manager form of government in 1953. The Town Charter was last revised in November 2004. The Town Council exercises the legislative power of the Town and determines all matters of policy. The Town Council is composed of nine Councilors, from which a Chair, or Mayor, is chosen. The Town Manager is the head of the administrative branch of the Town government and is responsible to the Town Council for the administration of all affairs relating to the Town.

The offices of the Town Clerk and Town Treasurer are subordinate to and appointed by the Town Council. The Town Clerk has duties in connection with keeping the public records and is Clerk to the Town Council. The Town Treasurer is responsible for the receipt, disbursement and custody of public funds. The Town Council appoints the Town Attorney and various boards and commissions.

The Board of Education is comprised of nine members serving either two- or four-year terms as provided by the Town Charter. At each biennial Town election, three members are elected for terms of four years, and three members are elected for terms of two years. The Board of Education appoints the Superintendent of Schools, who administers the Wethersfield school system.

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Organizational Chart



Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Date Service Began</u>
Mayor	Paul F. Montinieri	Elected/2 years	11/2013
Town Manager	Jeffrey K. Bridges, Jr.	Appointed/indefinite	08/2009
Finance Director.....	Michael J. O'Neil	Appointed/indefinite	03/2014
Treasurer	Harry Lichtenbaum	Appointed/indefinite	01/2014
Superintendent of Schools	Michael T. Emmett	Appointed/indefinite	06/2012
Town Planner and Economic Development Manager	Peter D. Gillespie	Appointed/indefinite	09/2003

Summary of Municipal Services

Police: The Police Department is staffed by 47 full-time police officers, 11 full-time civilian employees, two part-time Animal Control Officers, two part-time dispatchers, and school crossing guards for 22 posts.

Some of the supervisory personnel are graduates of the F.B.I. National Academy. All officers receive basic training for 22 weeks at the Municipal Police Training Academy, a subdivision of the Police Officer Standards and Training Council, followed by an average of twelve weeks' on-the-job training. All officers are certified, in addition to normal police duties, in both medical first aid response and CPR. The Department offers a Police Explorer Program to interested youth.

The department has a fleet of 23 cars, 2 Harley Davidson motorcycles, one boat, seven undercover cars, two trailers with radar and enclosed, two vans, one Ford Explorer, and one Ford Expedition. It also operates the Public Safety Answering Point (PSAP) for this community, where it dispatches, on a coordinated basis, fire and ambulance services.

The Department has received accreditation from The Commission on Accreditation of Law Enforcement Agencies, a national, highly recognized achievement.

Fire: The Wethersfield Volunteer Fire Department is the oldest continuous volunteer fire department in New England and the first formally chartered fire department in Connecticut. It is under the leadership of a Chief, an Assistant Chief, two Deputy Chiefs, a Public Information Officer, and 12 Company Officers. The department is organized into three companies. A Captain and three Lieutenants lead each of the three fire stations. The Department offers an Explorer Program to provide basic training to interested youth. All active members of the Department are currently certified to a minimum level of Firefighter 1 in accordance with the National Fire Protection Association 1001 Standard. The total current level of membership is 90 firefighters. A mutual aid assistance program works cooperatively with other local municipalities for training and emergency response as needed.

The fire department operates four engines, two-100-foot tower ladders, a 75-foot quint, one brush truck, one heavy rescue, three pick-up trucks, two passenger vehicles, one rehabilitation vehicle, and two marine units. Each member is equipped with a radio pager for alarm notification and an audible horn system alert fire personnel also. Firefighters participate in training programs, at the local, state, and federal level to improve fire-fighting and rescue techniques.

The Fire Department has a Class 3 rating from the Insurance Services Organization, which is the highest rating a volunteer fire department can receive. This rating determines homeowners' and businesses' insurance rates. The Fire Department responds to approximately 500 calls per year to protect the citizens and visitors of the Town of Wethersfield.

Building Inspection: The five-member Building Inspection division serves to enforce regulations, codes and ordinances concerning buildings and the health, safety and welfare of the Townspeople. In addition the Building division enforces certain provisions of the Zoning and Historic District Regulations to assure the maintenance of properties.

Sewer and Water: The Metropolitan District Commission (“MDC”), a regional water and sewer utility, provides water and sewer facilities for the Town. The MDC annually assesses the member municipalities based on a ratio of the tax-receipts for sewer costs. The assessments for fiscal year 2015 are \$2,964,198. The Town currently is served by 110 miles of sanitary sewer, representing about 99% of the Town’s area and population. Water service is directly billed to the consumer by the MDC on a quarterly basis. Approximately 99% of the population has water service provided by the MDC.

The MDC was cited by the U.S. Environmental Protection Agency and the United States Department of Justice for overflows for the sewer systems in West Hartford, Newington, Wethersfield, Rocky Hill and Windsor. The MDC was fined \$850,000 and signed a Consent Decree to cease all overflows within twelve years (by the year 2020). The MDC also negotiated a Consent Order with the Connecticut Department of Environmental Protection (“CTDEP”) to control the Combined Sewer Overflows (“CSO”) located in the Hartford sewer system within fifteen years (by the year 2022).

The MDC has conducted studies of the CSO under the direction of the CTDEP. A plan for abating these pollution sources, called the Clean Water Project, has been prepared by consultants to the MDC. The plan combines several abatement strategies including new sewers, removal of storm water flows during storm events, and additional treatment capacity. Completion of these system improvements will require a construction program of at least fifteen years.

On November 7, 2006, voters in the eight member towns overwhelmingly approved a referendum authorizing the MDC to appropriate \$800,000,000 for the Clean Water Project to be financed by the issuance of bonds. A second issue of \$800,000,000 was approved by voters in November 2013. The MDC is pursuing state funding from the Clean Water Fund and federal funding from Congress to assist with the cost of the project. The total cost for the program is expected to be in excess of \$1,600,000,000, and a future authorization from the voters will be required. The MDC has adopted a special sewer service charge for customers who utilize the District’s sewer system and are furnished water directly by the MDC. Bonds and other loans used to finance the Clean Water Project that are supported by the special sewer service charge will not be included in the calculation of overlapping debt since they are not supported by the ad valorem taxes of the Town.

Solid Waste: The Town contracts with a private hauler for weekly refuse and recycling collection for residents and apartments. The Town’s recycling program is for paper, glass, metal cans and used motor oil. In July 1987, the Town started disposing of refuse at a resource recovery facility operated by the Materials Innovation and Recycling Authority (M.I.R.A.).

Wethersfield is a participant in the Authority’s Mid-Connecticut Resource Recovery Project (the “Project”) located in the City of Hartford. The Project includes 44 “Participating Municipalities” all of which have approved and entered into substantially identical long-term municipal solid waste disposal contracts (“Municipal Service Agreements”) with the Authority. The Municipal Service Agreements provide for the disposal at the Project of acceptable solid waste generated by the Participating Municipalities. Under the Town’s contract with M.I.R.A., Wethersfield is contingently liable to M.I.R.A. if it fails to deliver at least 20,000 tons of waste per year to the facility. M.I.R.A. also accepts and processes the Town’s recycling materials. For the 2014–15 fiscal year, the Town is required to pay a tipping fee of \$62.00 per ton.

Engineering: The Engineering Division provides design, analysis, estimating, surveying and inspecting services to the Town’s many departments and Town residents. The Engineering Division serves in advisory capacities to the Planning and Zoning Commission, the Inland Wetlands and Water Courses Commission, and the Flood and Erosion Control Board.

Physical Services: The Physical Services Division is responsible for maintaining and repairing the 107 miles of Town roads, 131 miles of sidewalks, storm drains, parks, and Town and school grounds. The Maintenance Garage maintains and services all Town rolling stock and equipment. Computerized cost maintenance records assist in ensuring maximum equipment life.

Electricity and Gas: Electricity and gas are available to residential, commercial and industrial customers through infrastructure provided by Connecticut Light & Power and Connecticut Natural Gas.

Parks and Recreation: Wethersfield maintains over 610 acres of outdoor recreational and park areas. The types of facilities range from the Solomon Welles House, a historic building used for formal and social meetings, to a 100-acre Nature Center under the direction of a Youth Development Manager. Other major park and recreational land include Cove Park, a regional boating facility on the Connecticut River, and Mill Woods Park, a 105-acre park which provides swimming, tennis courts, a lighted baseball field, and a lighted softball stadium. The Wethersfield Country Club, a private organization, provides a large area of open space in a growing section of Wethersfield. The Community Center provides recreational programs and services to residents of all ages. Recreation and leisure opportunities are provided for every neighborhood.

Public Library: The mission of the Wethersfield Public Library is to provide patrons with the ABC's, which are access to information, books and other materials, and community gathering space. The Wethersfield Public Library provides free and open access to materials and services to meet the informational, educational, cultural and recreational needs of the Wethersfield community. The library is housed in a 34,000 square foot building and has a collection of approximately 109,000 items. In addition, the library benefits from its participation in Library Connection, Inc., a consortium of approximately 30 member libraries; this includes a shared catalog and other resources. The Library Board, appointed by the Town Council, is solely responsible for operating the Library in accordance with the Connecticut General Statutes and the Town Charter.

Health District: The Town is part of the Central Connecticut Health District, which also includes the Towns of Berlin, Newington, and Rocky Hill. The member towns are assessed a per capita fee to help offset the cost of operating the District. For the 2014-15 fiscal year, Wethersfield's assessment was \$131,146.10. The District has a full-time Health Director. The District enforces public health codes and regulations and activities reflect public concerns regarding communicable diseases, environmental pollution and contamination of food and water supplies. It promotes health and disease prevention through various programs.

Educational System

The Wethersfield school system serves grades pre-kindergarten through twelve and is governed by a local Board of Education. Wethersfield has a nine-member Board of Education elected to either two- or four-year terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget request submissions, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Public School District prides itself on its record of student achievement and rigorous academic standards. Its focus is on ensuring that students acquire the skills and knowledge for lifelong learning, develop a positive sense of self and self-discipline, and function as responsible citizens of society. Students benefit from a close partnership between the District and the Wethersfield community as well as from strong parental support and involvement. At all levels, students are exposed to a variety of learning experiences both in the classroom and through athletics, the arts, and other co-curricular activities – experiences that help them explore and discover their talents and interests. Students are guided in this journey of discovery by our talented and dedicated faculty who are committed to all learners and whose mission is to ensure that all students truly can be successful. In addition, the recently renovated Silas Deane Middle School is a nationally recognized “School of Excellence,” and the Wethersfield High School is a “National Blue Ribbon School.”

The purpose of this bond issue is to finance renovation of the Wethersfield High School.

As of October 1, 2014, enrollment in Wethersfield schools in grades pre-kindergarten through twelve was 3,618 with a rated capacity of 4,188.

School Enrollments

As of	Grades	Grades	Grades	Total
October 1	K-6	7-8	9-12	Enrollment
<i>Historical</i>				
2005	1,924	567	1,204	3,695
2006	1,977	572	1,209	3,758
2007	1,965	566	1,213	3,744
2008	2,043	571	1,245	3,859
2009	1,981	585	1,190	3,756
2010	1,925	619	1,180	3,724
2011	1,914	617	1,138	3,669
2012	1,864	582	1,157	3,603
2013	1,839	599	1,187	3,625
2014	1,808	554	1,178	3,540
<i>Projected</i>				
2015	1,807	542	1,179	3,528
2016	1,760	585	1,123	3,468
2017	1,773	567	1,121	3,461

¹Excludes pre-kindergarten and Special Education students.

Principal Public Facilities

Facility	Date Constructed	Additions & Renovations	Type of Construction	Major Improvements
Town Hall/Library	1958	2009	Brick	–
Firehouse #1	1974	–	Brick	2010
Firehouse #2	1959	1982	Brick	–
Firehouse #3	1956	–	Brick	–
Pitkin Community Center	1957	1995/2008	Brick	–
Willard Swim Center	1969	1995	Brick/Concrete	–
Physical Services Maintenance	1969	2004	Brick	2010
Francis Stillman Building	1890	2004	Brick	–
Police facility	2002	–	Brick	–
Ambulance Facility	1982	1996	Brick	–

School	Grades	Date of Construction (Last Remodeled)	Number of Classrooms	Enrollment 10/1/2014	Rated Capacity
Wethersfield High School ¹	9–12	1952 (1994)	70	1,178	1,260
Silas Deane Middle School	7–8	1967 (2005)	41	554	750
Charles Wright Elementary School	1–6	1973 (1995)	15	312	330
Emerson-Williams Elementary School	1–6	1952 (1973)	20	419	506
Hanmer Elementary School	1–6	1967 (1973)	19	353	418
Highcrest Elementary School	1–6	1969 (1994)	20	428	440
Samuel Webb Elementary School	Pre-K–6	1962 (2005)	10	374	484
Total			195	3,618	4,188

¹Wethersfield High School renovations of \$74,816,617 passed at referendum on April 24, 2012.

Municipal Employees

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
General Government	185.09	182.92	191.24	192.49	197.31
Board of Education	<u>528.95</u>	<u>528.00</u>	<u>504.00</u>	<u>533.00</u>	<u>535.00</u>
Total	714.04	710.92	695.24	725.49	732.31

*Numbers represent full-time equivalent. Source: Town's CAFR.

Municipal Employees Bargaining Organizations

			Current Contract
		Number of	Expiration
<u>Employees</u>	<u>Organization</u>	<u>Employees</u>	<u>Date</u>
<i>Town Government:</i>			
Public Works	Wethersfield Town Employee Local 1303 of Council #4, AFSCME, AFL-CIO	32	06/30/2016
Secretaries and Dispatchers ¹	Wethersfield Town Employee Local 1303-408 of Council #4, AFSCME, AFL-CIO	22	06/30/2017
Police	International Brotherhood of Police Officers Local #391	46	06/30/2015
Supervisors ²	Wethersfield Town Employee Local 818 of Council #4, AFSCME, AFL-CIO	28	06/30/2017
Library Supervisors/ Non-Supervisors	UE Local 222/CILU #81-4081/4082	16	06/30/2015
<i>Board of Education:</i>			
Administrators	Wethersfield School Administrators' Association	19	06/30/2018
Teachers	Wethersfield Federation of Teachers, Local #1371, CSFT, AFT	310	06/30/2016
Secretaries	Wethersfield Association of Educational Secretaries, CSEA, Inc./SEIU AFL-CIO, Local #760	147	06/30/2017
Nurses	Wethersfield School Nurses' Association CHCA, NUHHCE, AFSCME, AFL-CIO	9	06/30/2015
Custodians	CSEA, Inc./SEIU-AFL-CIO, Local #760, Custodian and Maintenance	44	06/30/2015

¹In negotiation.

²Negotiations concluded; pending signed contract.

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 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 or anything in between. 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, the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

Economic Condition and Outlook

Local Economy. Wethersfield is an ideal community for business with its strategic location within the Greater Hartford region. Centrally situated on the western bank of the Connecticut River just four miles south of downtown Hartford, Wethersfield is conveniently located on one of New England's key interstate highways, I-91, and within minutes of Interstate 84. The Town has created a business-friendly environment and is focused upon creating business opportunities in the Town's three commercial areas: along the Silas Deane Highway, the Berlin Turnpike and in Historic Old Wethersfield.

Economic Diversification: The Town's tax base is diversified and is not reliant on any one employer or major taxpayer. The list of top employers and top taxpayers includes a wide diversity of business types which include several State offices, apartment complexes, office buildings, retailers, insurance companies and a health care center.

Strategic Plan: The Town is actively working to maintain the diversity in its economic base through the implementation of the strategies contained within the Town's Economic Development Strategic Plan. The Economic Development Strategic Plan 2013 is consistent with the Town's current Plan of Conservation and Development adopted in 2013 and responsive to the challenges and issues facing the Town. The 2013 Strategic Plan's mission is to attract and retain business growth and development for the purpose of expanding and developing the tax base, creating jobs and improving the quality of life in Wethersfield. The primary goal is to grow the commercial and industrial portion of the grand list to support a diverse and sustainable local economy at a rate that supports a more balanced tax base. Other goals are broken down into the categories of marketing and recruitment, business assistance, retention and expansion, business corridors and aesthetics, sites, development services, and administrative.

Business Activity: In spite of the slowdown in the economy since 2008, the Town has been able to maintain a consistent level of new business activity in its three (3) main business districts. Since 2008, some of the more notable projects are:

- The construction of a new stand-alone Chip's restaurant at the Goff Brook Shops.
- The opening of a new Buffalo Wild Wings restaurant in the Goff Brook Shops.
- The completion of a new medical office building addition for Hartford Hospital on the Silas Deane Highway.
- Construction is well underway for the redevelopment of the vacant Northeast Utilities building on Cumberland Avenue into a state-of-the-art \$32 million science and math magnet elementary school scheduled to open in 2015.
- Redevelopment of the former Porter and Chester Technical School into a 30,000-square-foot retail development.
- Expansion of the Double A Veterinary Clinic on Nott Street.
- Adaptive reuse of a vacant 90,000 s.f. office building at 1290 Silas Deane Highway.
- Some of the new businesses that have opened over the last year include: Aspen Kitchen and Bath, State Farm Insurance, Family Dollar, Edo Ichi Japanese Steakhouse, Scott Kneeland Karate, Ensafé, Pretty Pup's and Mutts, Utsav Indian Restaurant, Pet's Supplies Plus and Minute Man Press.
- Plans have been approved and construction is under way for a tenant fit out for a new Planet Fitness Club in a 21,000 s.f. space in the Goff Brook Shops on the Silas Deane Highway.
- Plans have been approved and construction is underway for a new franchise Romp N Roll in a 4,600 s.f. space at 1275 Silas Deane Highway.

Future Development: The Economic Development and Improvement Commission and Redevelopment Agency continue their efforts to support the local business community and encourage redevelopment of underutilized properties as a top priority. They have:

- Continued to administer the Façade Improvement Program which provides matching funds to commercial businesses and properties by supporting rehabilitation of the property. Over the past few years the Commission has provided financial assistance to twenty (20) commercial properties. The program has provided over \$750,000 in assistance.
- Helped the Town secure an additional \$250,000 from the State of Connecticut to further fund the façade improvement program.

- Initiated the new Wethersfield Shops Local program in an effort to encourage the shop local ideal. To date, over 100 Wethersfield businesses have signed up to participate in this initiative.

The Town's Redevelopment Agency continues its work to act as a catalyst to encourage the revitalization of underutilized properties:

- Entered into an agreement to partner with the owner of 1000 Silas Deane Highway (Former Weight Watchers) with the Redevelopment Plan for this 3.5-acre property. The Town has earmarked \$200,000 in financial assistance to help with this project.

The Tourism Commission continues to promote the Historic Wethersfield brand to encourage visitation to the largest historic district in the State of Connecticut:

- Promotes the Town through magazine ads and promotional media articles. Recently the Town was recognized in What To Do In Connecticut, the Connecticut Getaway Guide and the Boston Globe.
- The Commission continues to place ads in the CT Vacation Guide. This ad has resulted in over 10,000 requests for visitor information.
- The Commission applied for and received grants totaling \$52,500 to be used for the creation of the Wethersfield Heritage Walk. The Walk will include a series of kiosk and wayside exhibits that portray the nearly 400 year history of the community.

The Town believes that as the economy continues to recover, the successful redevelopment of several key properties will occur.

Population Trends and Densities

<u>Year</u>	<u>Population</u> ¹	<u>Percent Change</u>	<u>Density</u> ²
2010	26,668	1.5	2,051
2000	26,271	2.4	2,021
1990	25,651	(1.4)	1,973
1980	26,013	(2.4)	2,001
1970	26,662	29.7	2,051
1960	20,561	–	1,582

Source: ¹U.S. Department of Commerce, Bureau of Census, Census of Population 1960–2010.

²Population per square mile: 13.0 square miles.

Age Distribution of the Population

<u>Age</u> ¹	<u>Town of Wethersfield</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	1,311	4.9	202,106	5.7
5 to 9 years	1,530	5.7	222,571	6.2
10 to 14 years	1,681	6.3	240,265	6.7
15 to 19 years	1,489	5.6	250,834	7.0
20 to 24 years	1,130	4.2	227,898	6.4
25 to 34 years	2,650	9.9	420,377	11.8
35 to 44 years	3,454	13.0	484,438	13.5
45 to 54 years	4,342	16.3	575,597	16.1
55 to 59 years	1,900	7.1	240,157	6.7
60 to 64 years	1,672	6.3	203,295	5.7
65 to 74 years	2,423	9.1	254,944	7.1
75 to 84 years	2,085	7.8	166,717	4.7
85 years and over	<u>1,001</u>	<u>3.8</u>	<u>84,898</u>	<u>2.4</u>
Total	26,668	100.0	3,574,097	100.0
2010 median age (years) ¹	45.2	–	40.0	–
2000 median age (years) ²	44.1	–	37.4	–

Source: ¹U.S. Department of Commerce, Bureau of Census, 2010 Census.

²U.S. Department of Commerce, Bureau of Census, 2000 Census.

Income Distribution

Income for Households	Income Distribution			
	Town of Wethersfield		State of Connecticut	
	Families	Percent	Families	Percent
\$0 - \$ 9,999	36	0.5 %	29,554	3.3 %
\$10,000 - \$14,999	84	1.2	19,067	2.1
\$15,000 - \$24,999	227	3.2	46,703	5.1
\$25,000 - \$34,999	358	5.0	56,959	6.3
\$35,000 - \$49,999	544	7.6	86,314	9.5
\$50,000 - \$74,999	1,278	17.9	145,557	16.0
\$75,000 - \$99,999	1,126	15.8	135,431	14.9
\$100,000 - \$149,999	1,757	24.6	190,762	21.0
\$150,000 - \$199,999	958	13.4	89,839	9.9
\$200,000 or more	<u>770</u>	<u>10.8</u>	<u>107,414</u>	<u>11.8</u>
Total:	7,138	100.0 %	907,600	100.0 %

Source: 2008–2012 American Community Survey.

Comparative Income Measures

	Town of Wethersfield	State of Connecticut
Per capita income, 2012	\$39,663	\$37,807
Median family income, 2012	\$98,235	\$87,182
Median household income, 2012	\$76,196	\$69,519

Source: 2008–2012 American Community Survey.

Educational Attainment (Years of School Completed – Age 25 and Over)

	Town of Wethersfield		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9 th grade	1,140	4.6	107,430	4.5
9 th to 12 th grade, no diploma	997	5.7	156,360	6.5
High school graduate	4,588	25.1	681,670	27.9
Some college, no degree	3,333	17.3	434,888	17.6
Associate's degree	1,497	7.2	178,335	7.3
Bachelor's degree	4,808	23.5	497,816	20.3
Graduate or professional degree	<u>3,175</u>	<u>16.6</u>	<u>389,914</u>	<u>15.9</u>
Total	19,538	100.0	2,446,413	100.0
Total high school graduate or higher	–	89.7	–	89.0
Total bachelor's degree or higher	–	40.1	–	36.1

Source: 2008–2012 American Community Survey.

Labor Force Data

Reporting Period	Unemployment Rate					
	Labor Force	Employed	Unemployed	Town of Wethersfield	Hartford Labor Market	State of Connecticut
Aug. 2014	13,582	12,697	885	6.5	7.0	6.9
2013	13,394	12,473	921	6.9	7.8	7.8
2012	13,499	12,522	977	7.2	8.4	8.4
2011	13,869	12,752	1,117	8.1	8.8	8.8
2010	13,873	12,647	1,226	8.8	9.4	9.3
2009	13,484	12,441	1,043	7.7	8.3	8.2
2008	13,345	12,661	684	5.1	5.8	5.7
2007	13,128	12,580	548	4.2	4.7	4.6
2006	13,163	12,604	559	4.2	4.5	4.4
2005	13,060	12,461	599	4.6	5.1	4.9
2004	12,981	12,378	603	4.6	5.2	4.9
2003	13,052	12,404	648	5.0	5.7	5.5

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

Sector	Town of Wethersfield		State of Connecticut	
	Number	Perecent	Number	Perecent
Agriculture, Forestry, Fishing and Hunting	0	0.0	5,249	0.3
Mining	0	0.0	543	0.0
Utilities	0	0.0	6,035	0.4
Construction	133	1.3	53,620	3.3
Manufacturing	293	3.0	163,828	10.0
Wholesale Trade	163	1.6	63,156	3.9
Retail Trade	1,258	12.7	183,585	11.2
Transportation and Warehousing	58	0.6	41,069	2.5
Information	72	0.7	32,029	2.0
Finance and Insurance	277	2.8	110,718	6.8
Real Estate and Rental and Leasing	243	2.5	19,003	1.2
Professional, Scientific, and Technical Services	623	6.3	90,358	5.5
Management of Companies and Enterprises	163	1.6	30,657	1.9
Administrative and Support and Waste				
Management and Remediation Services	468	4.7	85,023	5.2
Educational Services	245	2.5	55,890	3.4
Health Care and Social Assistance	1,289	13.0	257,705	15.8
Arts, Entertainment, and Recreation	102	1.0	25,777	1.6
Accommodation and Food Services	871	8.8	121,453	7.4
Other Services (except Public Administration)	377	3.8	58,943	3.6
Unclassifiable/unknown industry	0	0.0	454	0.0
Total Government	3,267	33.0	235,130	14.4
Federal Government	61	0.6	17,329	1.1
State Government	2,307	23.3	66,833	4.1
Local/Municipal Government	899	9.1	150,968	9.2
Total	9,902	100	1,640,225	100

Source: 2013 Quarterly Census of Employment and Wages

Major Employers

The following are among the most significant employers in the Town of Wethersfield.

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
State of Connecticut ¹	Government	1,400
Town of Wethersfield	Municipality	714
Stop & Shop	Grocery chain	135
Willcare.....	Healthcare	130
Marshalls	Retail	125
Red Lobster Restaurant	Restaurant	100
Yankee Dental	Laboratory	70
Panera Bread	Bakery	60
New Britain Candy.....	Confectioner	60
Dunkin Donuts	Coffee Shop	55

¹ Department of Labor, Department of Corrections and Department of Motor Vehicles administrative facilities.

Source: CAFR

Commute to Work (16 years of age and over)

	<u>Town of Wethersfield</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	10,806	86.1	1,354,414	87.2
Car pools	962	7.0	142,341	8.5
Using public transportation	253	2.2	79,028	4.5
Walked	92	0.4	50,802	2.9
Using other means	208	0.8	20,889	1.2
Worked at home	<u>272</u>	<u>3.4</u>	<u>70,121</u>	<u>4.1</u>
Total	12,853	100.0	1,730,076	100.0
Mean travel to work (minutes)	18.9	–	24.8	–

Source: 2010–2012 American Community Survey.

Number and Value of Building Permits

<u>Fiscal Year</u>	<u>Residential</u>		<u>Industrial/Commercial</u>		<u>Other</u>		<u>Total</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2014-15 ¹	8	\$ 1,505,700	11	\$16,100,707	893	\$55,610,607	912	\$73,217,014
2013-14.....	6	1,738,935	193	30,007,728	1,901	12,269,164	2,100	44,015,827
2012-13.....	2	431,780	55	4,147,964	1,421	7,764,515	1,478	12,344,259
2011–12	2	740,000	56	2,594,319	1,468	8,527,223	1,526	11,861,542
2010–11	8	2,094,695	28	2,290,444	708	10,307,363	744	14,692,502
2009–10	16	3,749,625	29	2,149,787	1,612	15,259,338	1,657	21,158,750
2008–09	9	1,407,345	18	2,482,326	674	9,539,875	701	13,429,546
2007–08	17	1,999,000	35	3,400,400	581	10,188,941	633	15,588,341
2006–07	9	1,600,500	24	1,567,359	736	7,934,639	769	11,102,498
2005–06	7	7,109,531	32	2,810,900	768	7,745,707	807	17,666,138
2004–05	3	525,000	35	4,051,297	666	15,957,888	704	20,534,185
2003–04	14	1,783,600	55	4,288,569	844	9,406,721	913	15,478,890
2002–03	16	2,442,820	30	1,710,523	760	8,464,404	806	12,617,747
2001-02	30	4,640,920	17	5,439,356	760	8,448,286	807	18,528,562

¹ Through October, 2014.

Age Distribution of Housing

Household Characteristics	Town of Wethersfield		State of Connecticut	
	Number	Percent	Number	Percent
Built in 1939 or earlier	2,165	19.2	321,529	21.6
Built in 1940–1949	840	7.4	108,911	7.3
Built in 1950–1959	2,447	21.5	243,080	16.3
Built in 1960–1969	2,031	18.0	199,976	13.4
Built in 1970–1979	1,125	10.0	197,328	13.3
Built in 1980–1989	1,438	12.8	190,017	12.8
Built in 1990–1999	786	7.0	112,306	7.5
Built in 2000–2009	434	3.9	103,239	6.9
Built in 2010 or later	37	0.3	11,686	0.8
Total	11,303	100.0	1,488,072	100.0

Source: 2010–2012 American Community Survey.

Housing Units by Type of Structure

Type	Town of Wethersfield		State of Connecticut	
	Number	Percent	Number	Percent
Single-family detached	8,344	74.1	875,291	58.8
Single-family attached	550	4.9	82,522	5.5
Multifamily	2,372	21.0	516,685	34.7
Mobile home, trailer, or other	0	0.0	13,577	1.0
Total	11,266	100.0	1,488,072	100.0

Source: 2010–2012 American Community Survey.

Housing Unit Vacancy Rates

Housing Units	Town of Wethersfield		State of Connecticut	
	Number	Percent	Number	Percent
Occupied housing units.....	10,919	96.9	1,339,860	90.0
Vacant housing units.....	347	3.1	148,212	10.0
Total units.....	11,266	100.0	1,488,072	100.0
Homeowner vacancy rate	1.3	–	1.9	--
Rental vacancy rate.....	0.0	–	6.6	--

Source: 2010–2012 American Community Survey.

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Owner-occupied Housing Units

	<u>Town of Wethersfield</u>		<u>State of Connecticut</u>	
Total owner-occupied units	8,665		888,478	
Persons per unit	2.64		2.71	
	<u>Town of Wethersfield</u>		<u>State of Connecticut</u>	
Specified Owner-occupied Units	Number	Percent	Number	Percent
Less than \$50,000	158	1.8	32,146	3.6
\$ 50,000 to \$ 99,999	155	1.8	29,490	3.3
\$100,000 to \$149,999	284	3.3	80,537	9.1
\$150,000 to \$199,999	1,263	14.6	137,454	15.5
\$200,000 to \$299,999	4,017	46.4	236,502	26.6
\$300,000 to \$499,999	2,496	28.8	228,551	25.7
\$500,000 to \$999,999	255	2.9	104,483	11.8
\$1,000,000 or more	<u>37</u>	<u>0.4</u>	<u>39,315</u>	<u>4.4</u>
Total	8,665	100.0	888,478	100.0
Median value	\$257,700	–	\$296,500	–

Source: 2010–2012 American Community Survey.

Number and Size of Households

	<u>Town of Wethersfield</u>		<u>State of Connecticut</u>	
Household Characteristics	Number	Percent	Number	Percent
Persons in households	26,438	–	3,455,945	–
Persons per household (average)	2.36	–	2.52	–
Persons per family	2.98	–	3.08	–
Family households	7,234	64.6	908,661	66.3
Non-family households	<u>3,970</u>	<u>35.4</u>	<u>462,426</u>	<u>33.7</u>
All households	11,204	100.0	1,371,087	100.0
Family households by type				
Married couple	5,684	78.6	672,013	73.9
Female householders, no spouse	1,184	16.4	176,973	19.5
Other	<u>366</u>	<u>5.0</u>	<u>59,675</u>	<u>6.6</u>
Total family households	7,234	100.0	908,661	100.0
Non-family households by type				
Householders living alone	3,469	87.4	373,648	80.8
Other	<u>501</u>	<u>12.6</u>	<u>88,778</u>	<u>19.2</u>
Total non-family households	3,970	100.0	462,426	100.0

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

SECTION IV – DEBT SECTION

**Debt Summary
Pro Forma
As of December 11, 2014**

Outstanding Short-term Debt

The Town of Wethersfield does not have any outstanding short-term debt.

Outstanding Bonded Debt

<u>Dated Date</u>	<u>Purpose</u>	<u>Rate</u>	<u>Original Issue</u>	<u>12/11/14 Amount Outstanding</u>	<u>Final Maturity</u>
6/15/2005	General Purpose	3.00-5.00%	\$ 6,902,026	\$ 365,000	6/15/2015
6/15/2005	School	3.00-5.00	8,097,974	425,000	6/15/2015
6/15/2009	General Purpose	2.50-4.50	6,837,937	4,194,532	7/15/2028
6/15/2009	School	2.50-4.50	17,063	10,468	7/15/2028
4/8/2010	General Purpose Refunding	3.00-5.00	7,937,085	6,315,950	7/15/2022
4/8/2010	School Refunding	3.00-5.00	4,072,915	3,264,050	7/15/2022
9/1/2011	School	2.67	795,000	580,000	9/1/2021
8/1/2012	General Purpose Refunding	2.00-3.00	2,244,200	2,194,600	8/15/2024
8/1/2012	School Refunding	2.00-3.00	3,925,800	3,810,400	8/15/2024
12/11/2014	School	3.00-5.00	22,000,000	22,000,000	9/1/2034
Total				\$ 43,160,000	

Capital Leases

The Town has entered into various capital lease agreements for financing the acquisition of rolling equipment, fire apparatus and police communications equipment through fiscal year ending June 30, 2014. These payments are not included in outstanding bonded debt. Future lease payments of \$4,753,249 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2015	\$ 748,121	\$ 92,945	\$ 841,066
2016	514,679	76,600	591,279
2017	461,435	65,903	527,338
2018	471,124	56,214	527,338
2019-2024	<u>2,119,693</u>	<u>146,535</u>	<u>2,266,228</u>
Total	\$4,315,052	\$438,197	\$4,753,249

The Town intends to seek additional financing in the amount of \$908,000 in fiscal year 2014-15 for the purchase of police interceptors, a dump truck, a fire truck, as well as other rolling stock.

**Overlapping/Underlying Debt
Pro Forma
As of June 30, 2014**

The Town has no underlying debt. The Town is a member of The Metropolitan District Commission (the “MDC”) which provides water and sewer service to the Hartford-area communities. As a member of the MDC, the Town is contingently liable for a portion of the sewer debt of the MDC. The liability is divided among the member towns in proportion to the total revenue each town received from property taxation, as averaged over the prior three years. As of August 6, 2014, the Town’s share of the MDC sewer debt is 7.81%. The MDC’s total net debt outstanding at August 6, 2014 was \$643,470,289, and the Town’s pro rata share is \$50,255,030.

**Bonded Debt Maturity Schedule
Pro Forma
As of June 30, 2014**

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>This Issue</u>	<u>Cumulative Percent of Principal Retired</u>
2015	\$2,320,000	\$840,105	\$3,160,105	\$ -	5.2%
2016	2,065,000	751,922	2,816,922	1,100,000	12.3
2017	2,095,000	672,791	2,767,791	1,100,000	19.4
2018	2,075,000	592,530	2,667,530	1,100,000	26.5
2019	2,205,000	502,664	2,707,664	1,100,000	33.9
2020	2,205,000	409,770	2,614,770	1,100,000	41.3
2021	2,200,000	322,625	2,522,625	1,100,000	48.7
2022	2,200,000	234,414	2,434,414	1,100,000	56.1
2023	1,370,000	167,738	1,537,738	1,100,000	61.6
2024	1,180,000	125,513	1,305,513	1,100,000	66.7
2025	1,170,000	86,263	1,256,263	1,100,000	71.8
2026	400,000	58,713	458,713	1,100,000	75.2
2027	400,000	42,463	442,463	1,100,000	78.5
2028	400,000	25,713	425,713	1,100,000	81.9
2029	405,000	8,606	413,606	1,100,000	85.2
2030	0	0	0	1,100,000	87.7
2031	0	0	0	1,100,000	90.2
2032	0	0	0	1,100,000	92.6
2033	0	0	0	1,100,000	95.1
2034	0	0	0	1,100,000	97.5
2035	0	0	0	1,100,000	100.0%
Total	\$22,690,000	\$4,841,830	\$27,531,830	\$22,000,000	

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

**Current Debt Statement
Pro Forma
As of December 11, 2014**

Bonded debt	
This issue	\$22,000,000
General purpose	13,070,082
Schools	<u>8,089,918</u>
Total bonded debt	43,160,000
Short-term debt	<u>-</u>
Total direct debt	43,160,000
Less: State school grants receivable	45,000
Net direct debt	43,115,000
Overlapping debt – Metropolitan District Commission	<u>50,255,030</u>
Total overall net debt	<u>\$93,370,030</u>

**Current Debt Ratios
Pro Forma
As of December 11, 2014**

Population, 2014 ¹	26,594
Per capita income, 2012 ¹	\$39,663
Net taxable grand list, 10/1/13	\$2,205,813,324
Estimated full value @ 70%	\$3,151,161,324
Equalized net grand list (2012) ²	\$3,147,128,675

	Direct Debt	Net Direct Debt	Overall Net Debt
	<u>\$43,160,000</u>	<u>\$43,115,000</u>	<u>\$93,370,030</u>
Per capita	\$1,622.92	\$1,621.23	\$3,510.94
To net taxable grand list	1.96%	1.95%	4.23%
To estimated full value	1.37%	1.37%	2.96%
To equalized net grand list	1.38%	1.37%	2.97%
Ratio of debt per capita to per capita income	4.09%	4.08%	8.85%

¹2011-2013 American Community Survey.

²State of Connecticut, Office of Policy and Management.

**Statement of Statutory Debt Limitation
Pro Forma
As of December 11, 2014
(In Thousands)**

Debt Limitation Base

Estimated total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2014	<u>\$78,844</u>
Debt Limitation Base	\$78,844

Debt Margin

<i>Debt Limitation by Purpose</i>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit Funding</u>
2.25 x base	\$177,399				
4.50 x base	-	\$354,798			
3.75 x base	-	-	\$295,665		
3.25 x base	-	-	-	\$256,243	
3.00 x base	-	-	-	-	<u>\$236,532</u>
Total debt limitation	<u>177,399</u>	<u>354,798</u>	<u>295,665</u>	<u>256,243</u>	<u>236,532</u>
Less indebtedness:					
This issue	-	22,000	-	-	-
Bonds payable	13,070	7,510	-	-	-
Bonds authorized but unissued	1,835	52,817	-	-	-
Notes payable	-	580	-	-	-
Total direct debt	<u>14,905</u>	<u>82,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less school construction grants receivable	-	<u>(45)</u>	-	-	-
Net direct debt	<u>14,905</u>	<u>82,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overlapping net debt – MDC ⁽¹⁾	-	-	<u>50,255</u>	-	-
Total overall net debt	<u>14,905</u>	<u>-</u>	<u>50,255</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$162,494	\$271,936	\$245,410	\$256,243	\$236,532

The General Statutes require that in no event shall the total debt for the Town exceed seven (7) times the annual receipts from taxation. Maximum debt for the Town under this formula is \$552 million.

(1) Includes MDC Refunding Bonds dated August 6, 2014.

Five-Year Debt Statement Summary
(\$ in thousands)

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Population	26,594	26,710	26,690	26,668	26,668
Net taxable grand list	\$2,334,941	\$2,329,595	\$2,330,234	\$2,315,493	\$2,306,973
Estimated full value	\$3,335,630	\$3,327,993	\$3,328,906	\$3,307,847	\$3,295,677
Bond anticipation notes	\$ —	\$ —	\$ —	\$ —	\$ —
Bonded debt	<u>44,035</u>	<u>24,290</u>	<u>26,850</u>	<u>29,400</u>	<u>32,080</u>
Total direct debt	\$ 44,035	\$ 24,290	\$ 26,850	\$ 29,400	\$ 32,080
Less grants receivable	<u>45</u>	<u>92</u>	<u>186</u>	<u>327</u>	<u>469</u>
Total net direct debt	\$ 43,990	\$ 24,198	\$ 26,664	\$ 29,073	\$ 31,611
Overlapping debt	<u>50,255</u>	<u>44,276</u>	<u>33,595</u>	<u>26,519</u>	<u>11,134</u>
Overall net debt	\$ 94,245	\$ 68,474	\$ 60,259	\$ 55,592	\$ 42,745

Five-Year Debt Statement Summary Ratios

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Direct debt					
Per capita	\$1,655	\$909	\$1,005	\$1,102	\$1,203
To net taxable grand list	1.89%	1.04%	1.15%	1.27%	1.39%
To estimated full value	1.32%	0.73%	0.81%	0.89%	0.97%
Net direct debt					
Per capita	\$1,654	\$906	\$998	\$1,090	\$1,185
To net taxable grand list	1.88%	1.04%	1.14%	1.26%	1.37%
To estimated full value	1.32%	0.73%	0.80%	0.88%	0.96%
Overall net debt					
Per capita	\$3,542	\$2,564	\$2,256	\$2,085	\$1,602
To net taxable grand list	4.04%	2.94%	2.59%	2.40%	1.85%
To estimated full value	2.83%	2.06%	1.81%	1.68%	1.30%

**Comparison of Annual Debt Service
to General Fund Expenditures**

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Debt Service</u>	<u>Total</u> <u>Expenditures</u>	<u>Debt Service as</u> <u>Ratio to Total</u> <u>Expenditures</u>
2014	\$3,236,243	\$94,348,809	3.4%
2013	3,807,461	91,182,335	4.2
2012	3,569,423	88,005,487	4.1
2011	3,775,508	85,862,161	4.4
2010	4,044,856	85,563,650	4.7
2009	3,952,959	82,591,500	3.4

Authorized-but-Unissued Debt

<u>Project</u>	<u>Date</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>	<u>Grants</u> <u>Applied</u>	<u>Bonds</u> <u>Issued</u>	<u>Authorized but</u> <u>Unissued</u>
Drainage projects	11/03/93	\$ 2,370,000	\$709,572	\$ 780,000	\$ 880,428
Open space	11/07/06	4,000,000	—	3,044,963	955,037
School renovations	04/24/12	<u>74,816,617</u>	<u>—</u>	<u>22,000,000*</u>	<u>52,816,617</u>
Total		\$81,186,617	\$709,572	\$25,824,963	\$54,652,082

*This issue

Authority to Incur Debt

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds and notes is authorized by the Town’s voters at an election or referendum upon the approval of the Town Council. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

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

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

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

SECTION V – FINANCIAL SECTION

**Taxable Grand List
(\$ in thousands)**

Grand List Oct. 1	Residential Real Property Percent	Commercial and Industrial Real Property Percent		Other Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2013	76.0	13.0	–	3.0	8.0	\$2,221,411	\$15,597	\$2,205,813	-5.4%	
2012	77.7	12.3	–	2.7	7.3	2,349,352	14,410	2,334,942	0.2	
2011	77.6	12.4	–	2.8	7.2	2,344,856	15,211	2,329,645	0.6	
2010	77.6	12.8	–	2.7	6.9	2,331,692	15,440	2,316,252	-0.1	
2009	77.5	13.1	–	2.7	6.7	2,332,814	14,869	2,317,945	0.2	
2008	77.4	13.3	–	2.7	6.7	2,328,181	14,572	2,313,609	15.5	
2007	77.0	11.8	0.2	3.0	8.0	2,018,181	15,149	2,003,032	0.6	
2006	78.9	9.7	0.2	3.0	8.1	2,007,709	16,391	1,991,318	–	

Date of last revaluation on all real property, 10/1/13.

Major Taxpayers

Name	Business	Taxable Valuation As of 10/1/13	Percent of Net Taxable Grand List
Wethersfield Apartments Associates LLC	Apartments	\$20,118,400	0.91%
Wethersfield Shopping Center LLC Et Al	Shopping Center	14,982,000	0.68
Cedar-Jordan Lane LLC	Shopping Center	14,033,000	0.64
Executive Square LTD Partnership	Apartments	13,916,300	0.64
100 Great Meadow Road	Office Building	13,021,500	0.59
Connecticut Light & Power Co., Inc.	Public Utility	12,165,350	0.55
Connecticut Natural Gas Corp.	Public Utility	8,585,590	0.39
Goodwin Gardens LLC	Apartments	6,101,210	0.28
Phoenix Medical LLC	Office Building	5,481,600	0.25
Silas Deane Professional Center LLC	Office Building	<u>5,229,700</u>	<u>0.24</u>
Total		\$113,634,650	5.17

Net Taxable Grand List for 10/1/13: \$2,205,813,324.

Tax Collections

Fiscal Year Ended 30-Jun	Grand List 1-Oct	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/14
2014	2012	\$33.46	\$78,123,892	98.98%	1.02%	1.02%
2013	2011	32.58	75,725,740	98.96	1.04	0.34
2012	2010	31.42	72,558,938	98.93	1.07	0.20
2011	2009	30.66	70,662,766	98.79	1.21	0.25
2010	2008	30.68	70,693,007	99.03	0.97	0.20
2009	2007	34.71	69,579,789	99.02	0.98	0.23
2008	2006	32.94	65,637,736	99.00	1.00	0.15
2007	2005	32.43	64,626,417	98.99	1.01	0.13
2006	2004	30.19	59,775,611	99.31	0.69	0.14

Source: CAFR.

Property Taxes Receivable

Fiscal Year Ended June 30	Current Year	Total
2014	\$800,020	\$2,086,353
2013	787,870	2,236,139
2012	776,722	2,236,139
2011	855,955	2,124,396
2010	688,486	1,865,110

Five-Year Capital Improvement Program

The Town prepares and revises annually a program of public improvements for the ensuing five fiscal years. A Citizens Advisory Capital Improvement Committee reviews all projects submitted by departments and agencies and then prioritizes them before making a recommendation to the Town Manager. The Town Manager recommends to the Town Council those projects to be undertaken during the ensuing fiscal year and the method of financing the same.

The Town’s Capital Improvement Program (“CIP”) is designed to implement long-range objectives, including the renovation of public facilities for school and municipal buildings, street reconstruction and repair, infrastructure improvements, and replacement of major equipment. The CIP strives to balance and distribute limited resources to meet the Town’s critical needs.

In order to adequately fund and dedicate the necessary resources to a sustainable road improvement program, the Town Council, beginning in the 2012-2013 fiscal year, instituted a dedicated mill levy for road improvements. the original amount of the levy provided for \$1,200,000 per year for road improvements. However, in the 2014-2015 fiscal year, the levy was increased to provide \$1,500,000 for road improvements.

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>Total</u>
<u>Sources of funds</u>						
General Fund	\$1,103,000	\$3,658,000	\$3,153,000	\$1,887,000	\$2,962,000	\$12,763,000
Reserve Fund.....	100,000	0	0	0	0	100,000
State Grants	8,978,092	0	0	0	0	8,978,092
Road Improve. Fund	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Total Sources	\$11,681,092	\$5,158,000	\$4,653,000	\$3,387,000	\$4,462,000	\$29,341,092
<u>Uses of funds</u>						
Community economic						
development	\$50,000	\$275,000	\$275,000	\$275,000	\$400,000	\$1,275,000
Drainage	90,000	305,000	625,000	350,000	515,000	1,885,000
Fire safety	70,000	84,000	140,000	50,000	165,000	509,000
Pavement maintenance	75,000	155,000	450,000	125,000	184,000	989,000
Parks and recreation	75,000	2,041,000	727,000	396,000	585,000	3,824,000
Schools	9,428,092	295,000	240,000	125,000	275,000	10,363,092
Sidewalks	25,000	100,000	175,000	100,000	157,000	557,000
Town buildings	368,000	403,000	521,000	466,000	681,000	2,439,000
Paving Program	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Total uses	\$11,681,092	\$5,158,000	\$4,653,000	\$3,387,000	\$4,462,000	\$29,341,092

Source: 2014-15 Budget Report

Significant Accounting Policies and Basis of Accounting

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB issued Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” The statement established a new reporting model for governments that is substantially different from prior reporting standards. The government-wide financial statements report information on all of the non-fiduciary activities of the Town. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The Town has established separate funds for governmental functions under General Fund, Special Revenue Funds, and Capital Projects Funds in addition to two Internal Service Funds – Heart and Hypertension and Hospital Medical Insurance Fund – for self-insured medical services. The Town’s accounting records for Governmental Funds follow the modified accrual basis of accounting; that is, revenues are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal period. The major source of revenue that is recognized under the modified accrual basis are funds received from the State of Connecticut and the Federal government. Expenditures are recognized in the accounting period in which the fund liability is incurred. The accrual basis of accounting is used for Internal Service, Agency and Pension Trust Funds. Revenues are recognized when earned and expenses are recognized when incurred. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. See “Notes to Financial Statements” in Appendix A herein for more information.

Financial Statements and Schedules

The comparative balance sheets and statements of revenues, expenditures, and changes in fund balance for General Fund types presented herein are derived from audited financial statements for fiscal years ended June 30, 2010 through 2014. The Town has provided budgetary information for 2014–15. The Town’s independent accountants have not examined, reviewed, or compiled any of the estimates or expressed any opinion 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’s management.

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Comparative Balance Sheets – General Fund

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Assets					
Cash and cash equivalents	\$8,958,555	\$9,515,545	\$11,449,758	\$11,995,591	\$5,972,891
Investments	-	1,755,325	750,466	492,764	5,500,103
Receivables:.....					
Property Taxes	1,913,109	1,967,938	1,789,796	1,487,310	1,116,718
Intergovernmental	-	352,562	1,183,446	85,702	-
Other receivables	109,532	223,132	183,443	122,403	258,758
Due from other funds	8,321,545	2,648,045	84,078	11,953	25,481
Other assets	-	-	-	-	-
Total assets	<u>\$19,302,741</u>	<u>\$16,462,547</u>	<u>\$15,440,987</u>	<u>\$14,195,723</u>	<u>\$12,873,951</u>
Liabilities and fund equity					
Liabilities					
Accounts payable and accrued liabilities	\$3,521,916	\$2,556,538	\$2,593,484	\$1,649,335	\$2,288,641
Due to other funds	-	-	-	-	58,840
Due to student groups and others	-	-	-	674,251	673,472
Due to Other Governments	30,241	1,917	1,221	-	-
Deferred revenue	15,454	3,422,510	2,700,837	2,077,407	993,796
Deferred Inflows of Resources.....	3,946,430	-	-	-	-
Total liabilities	<u>\$7,514,041</u>	<u>\$5,980,965</u>	<u>\$5,295,542</u>	<u>\$4,400,993</u>	<u>\$4,014,749</u>
Fund equity					
Committed	\$414,179	\$373,793	\$405,817	\$1,823,247	\$ -
Assigned	600,000	350,000	350,000	700,000	-
Unassigned	10,247,688	9,311,165	8,910,168	7,112,866	-
Reserved for encumbrances	526,833	446,624	479,460	158,617	813,143
Unreserved:					
Designated	-	-	-	-	700,000
Undesignated	-	-	-	-	7,346,059
General Fund balance	<u>\$11,788,700</u>	<u>\$10,481,582</u>	<u>\$10,145,445</u>	<u>\$9,794,730</u>	<u>\$8,859,202</u>
Total liabilities and fund equity	<u>\$19,302,741</u>	<u>\$16,462,547</u>	<u>\$15,440,987</u>	<u>\$14,195,723</u>	<u>\$12,873,951</u>
Operating revenues	\$97,817,583	\$93,202,556	\$91,040,488	\$87,073,198	\$87,920,659
Fund balance as percent of operating revenues	12.05%	11.25%	11.14%	11.25%	10.08%
Unassigned/undesignated fund balance as percent of operating revenues	10.48%	9.99%	9.79%	8.17%	8.36%

General Fund Revenues and Expenditures

	Adopted Budget 2014-15¹	2013-14²	2012-13²	2011-12²	2010-11^{2,4}	2009-10²
Revenues						
Property taxes	\$79,898,635	\$78,321,007	\$75,019,911	\$72,867,903	\$70,620,970	\$71,117,614
Fines and forfeits	29,800	41,708	23,317	29,216	39,108	47,203
Licenses, fees and permits.....	376,500	652,462	403,190	302,599	-	-
Charges for Services.....	1,095,075	1,237,342	1,328,451	1,001,462	-	-
Interest income	75,000	61,270	89,273	71,725	151,788	282,940
Intergovernmental ³	9,797,524	17,339,290	16,262,260	16,674,045	14,296,441	14,093,177
Departmental and other	654,250	164,504	76,154	93,538	1,964,891	2,379,725
Total revenues	\$91,926,784	\$97,817,583	\$93,202,556	\$91,040,488	\$87,073,198	\$87,920,659
Expenditures						
Current:.....						
General government	\$9,474,708	\$8,437,977	\$8,527,909	\$9,090,322	\$7,359,677	\$7,936,072
Public safety	9,691,133	9,242,982	8,614,977	8,597,455	8,443,638	8,132,620
Public works	8,245,387	8,298,582	7,917,299	7,594,385	7,877,295	7,395,776
Health and social services	794,431	791,675	875,144	829,087	906,931	897,535
Library	1,876,700	1,799,942	1,732,883	1,665,484	1,659,845	1,620,882
Parks and recreation	1,708,763	1,591,171	1,403,082	1,389,756	1,495,198	1,442,808
Education	54,797,197	60,950,236	58,303,580	55,269,575	54,344,069	54,093,101
Debt service	3,379,104	3,236,243	3,807,461	3,569,423	3,775,508	4,044,856
Total expenditures	\$89,967,423	\$94,348,809	\$91,182,335	\$88,005,487	\$85,862,161	\$85,563,650
Excess of revenues over expenditures	\$1,959,361	\$3,468,774	\$2,020,221	\$3,035,001	\$1,211,037	\$2,357,009
Other financing sources (uses)						
Refunding bonds issued	-	-	\$6,170,000	-	-	\$12,010,000
Premium on refunding bonds ...	-	-	549,120	-	-	1,322,220
Operating transfers in.....	-	123,429	50,000	672,465	-	-
Payment to escrow agent	-	-	(6,610,679)	-	-	(13,161,148)
Operating transfers out	(1,959,361)	(2,285,085)	(1,842,525)	(3,356,751)	(2,022,213)	(2,573,236)
Net other financing sources (uses)	(1,959,361)	(2,161,656)	(\$1,684,084)	(\$2,684,286)	(\$2,022,213)	(\$2,402,164)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	\$1,307,118	\$336,137	\$350,715	(\$811,176)	(\$45,155)
Fund balance, beginning, as restated	\$11,788,700	\$10,481,582	\$10,145,445	\$9,794,730	\$10,605,906	\$8,904,357
Fund balance, ending	\$11,788,700	\$11,788,700	\$10,481,582	\$10,145,445	\$9,794,730	\$8,859,202

¹ Budgetary basis.

² GAAP basis.

³ Audited figures reflect reclassification of reimbursements from expenditures to revenue.

⁴ Beginning Fund Balance restated.

Intergovernmental Revenues as a Percent of General Fund Revenues

<u>Fiscal</u> <u>Year</u>	<u>Intergovernmental</u> <u>Revenues</u>	<u>General Fund</u> <u>Revenues</u>	<u>Percent</u>
2014	\$17,339,290	\$97,817,583	17.73%
2013	16,262,260	93,202,556	17.45%
2012	16,674,045	91,040,488	18.31%
2011	14,296,441	87,073,198	16.40%
2010	14,093,177	87,920,659	16.00%
2009	14,000,914	86,029,542	16.30%

Budgetary Information

Prior to the second Monday in April, the Town Manager submits to the Town Council a proposed operating budget for the General Fund for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. On the fourth Monday in April, a public hearing is conducted to obtain taxpayers' comments. Prior to the 15th of May, the budget is legally adopted through passage of an ordinance.

Upon approval of the Director of Finance and the Town Manager, transfers from one budgetary line to another may be made within a department or major division. The Board of Education has a similar budgetary control system with approval of such transfers by the Board of Education Business Manager. The Town Council may, by resolution, transfer monies from the contingency account to other line items at any time during the fiscal year and may transfer from any account during the last three months of the fiscal year.

Assessment Practices

Under Section 12-62 of the Connecticut General Statutes, the Town must perform a revaluation every five years based on generally accepted mass appraisal methods, and a revaluation by physical inspection no later than ten years from the preceding physical inspection. A revaluation by physical inspection was completed for the assessment year commencing October 1, 2008. An update/statistical revaluation was completed for the assessment year commencing October 1, 2013. The Town did not use the phase-in option for either of the revaluations completed in 2008 or 2013. The next revaluation is scheduled for October 1, 2018.

Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Assessor must fully inspect each parcel of improved real property once every ten assessment years. Section 12-62 provides that the full inspection requirement shall not apply to any parcel of improved real property for which the Assessor obtains satisfactory verification of data listed on the Assessor's property record card by means of a questionnaire sent by the Assessor, at any time during the period in which a full inspection of an improved parcel of real property is required, to the owner of such parcel to (A) obtain information concerning the property's acquisition, and (B) obtain verification of the accuracy of data listed on the Assessor's property record card for such period.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and for all taxable and tax-exempt personal property and motor vehicles located within the Town on October 1st. Assessments for real estate are computed at 70% of the market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current market value. Each year the Board of Assessment Appeals determines whether a taxpayer's 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 or occupancy, a physical inspection is conducted and a new 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 on a yearly basis.

Annual Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed in the following July and taxes in excess of \$200 are due and payable in two installments on July 1 and January 1. Motor vehicle taxes and real and personal property taxes less than \$200 are due and payable in one installment on July 1. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred inflow of resources.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

Pension Plans

The Town is the administrator of a single-employer Public Employee Retirement System ("PERS") established and administered by the Town to provide pension benefits to substantially all full-time employees except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Employee and employer obligations to contribute to the Plan are established and may be amended by the Town.

Employees contribute to PERS at rates of 3.0% to 7.5% of salary depending on their bargaining unit. The Town is required to contribute the amount necessary to finance benefits for its employees. With the exception of Police-IBPO Local 391, PERS is closed to new employees.

Employees not eligible for PERS may contribute to the Defined Contribution Plan 401(a) that was established in December 2010. The Town is the administrator of this plan and matches a mandatory 4.50% contribution by participants. There are currently 25 participants in the plan. Total assets (Town and employee contributions) are \$326,393.

Members of the volunteer fire department are eligible to participate in a 457(b) plan. The Town is the sole contributor to this plan and participants are credited with contributions based on their credited service. There are currently 119 participants in the plan. Total assets are \$1,340,693.

Schedule of Funding Progress (\$ in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	(Unfunded) Overfunded AAL (UAAL)	Funded Ratio⁽¹⁾	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2007	\$58,502	\$63,522	\$5,020	92.10%	\$14,770	33.99%
7/1/2008	62,734	67,395	4,661	93.08%	15,914	29.29%
7/1/2009	66,535	72,247	5,712	92.09%	16,559	34.49%
7/1/2010	66,975	76,073	9,098	88.04%	17,170	52.99%
7/1/2011	67,820	80,526	12,706	84.22%	18,056	70.37%
7/1/2012	67,898	84,152	16,254	80.68%	18,036	90.12%
7/1/2013	69,798	89,239	19,440	78.21%	17,725	109.68%

(1) Assumes a discount rate of 7.625% for 7/1/13, 7.75% for 7/1/09-7/1/12, 8% for 7/1/07-7/1/08

Schedule of Employer Contributions

	Annual Required Contribution	Percentage Contributed
6/30/07	\$ 982,985	100%
6/30/08	1,146,403	100
6/30/09	1,193,687	100
6/30/10	1,204,694	100
6/30/11	1,494,228	100
6/30/12	1,579,090	100
6/30/13	1,821,911	100
6/30/14	2,091,860	100

All teachers and certified administrators employed by the Town participate in a contributory defined benefit plan (the "Benefit Plan") established under Chapter 167a of the Connecticut General Statutes which is administered by the Connecticut State Teachers' Retirement Board. Participants in the Benefit Plan are required to contribute 7.25% of their annual earnings to the Benefit Plan. The retirement system is funded by the State based on the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The State does not allocate its contribution by school system, and accordingly, the contribution relating to the Town is not available. The Town does not and is not legally responsible to contribute to the Benefit Plan.

See Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 12" herein.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2008 through 2014.

The Town is exposed to risk of loss for claims from police officers hired before 1995 who incur hypertension or heart problems as a result of work conditions. The Town accounts for this activity through the use of an internal service fund, which is funded by transfers from the General Fund.

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. The program also covers retired employees. Under the program, the Town is obligated for claim payments. A stop-loss insurance contract executed with an insurance carrier covers claims exceeding \$125,000 per individual, per year. During 2014, total claims expense of \$6,764,594 was incurred. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2014.

Premium payments are reported as quasi-external inter-fund transactions for the General Fund and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 10” herein.

Other Post-Employment Benefits

The Town and Board of Education provide post-retirement benefits in accordance with various labor and personnel contracts to employees who meet specific service and age requirements. As of June 30, 2014, there were 998 participants in the plan (533 active employees and 465 retired members).

The funding for the annual other post-employment benefit costs is accounted for in the OPEB Reserve Fund on a pay-as-you-go basis. The Town recognized the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance premiums, which were approximately \$2,511,928 for fiscal year ended June 30, 2014. As of June 30, 2013, the Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the post-employment benefits, which require the reporting of a trust fund in accordance with GASB guidelines. The OPEB Reserve Fund was combined with the OPEB Trust Fund effective July 1, 2012. An actuarial valuation is performed on the funding requirements every two years.

The Town’s annual OPEB cost is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

	Town and Board of Education Retiree Welfare Plan
ARC	\$6,029,000
Interest on net OPEB obligation	530,723
Adjustment to ARC	<u>(455,834)</u>
Annual OPEB cost	6,103,889
Contributions made	<u>(2,511,928)</u>
Decrease in net OPEB obligation	3,591,961
Net OPEB obligation, beginning of year	<u>8,164,972</u>
Net OPEB obligation, end of year	<u>\$11,756,933</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost (“AOC”) contributed to the plan and the net OPEB obligation is presented below.

Fiscal Year Ending	AOC	Actual Contributions	Percentage of AOC Contributed	OPEB Obligation
6/30/14	\$6,103,889	\$2,511,928	41.15%	\$11,756,933
6/30/13	5,730,970	8,919,886	155.64	8,164,972
6/30/12	6,318,679	2,565,648	40.60	11,353,888
6/30/11	5,827,054	2,958,000	50.76	7,600,857

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 13” herein.

In conjunction with the establishment of the OPEB Trust Fund in 2013, the Town formally adopted an OPEB Funding Policy to address the actuarial liability in a comprehensive manner as follows:

- **Benefit Changes** - The Town has made employee contribution to the Trust Fund an essential component of its collective bargaining strategy. All employee groups receiving retiree medical benefits now contribute to the Trust Fund. For the year ended June 30, 2014, those contributions totaled \$600,000. The Town also proactively reviews the level of benefits offered to employees, and the eligibility requirements.

- **Annual Contributions** - In adopting the Funding Policy, the Town has committed to increasing annual appropriations to the Trust Fund with a goal fully satisfying the actuarial liability.

The Policy specifies the following contribution schedule:

FY2014	\$200,000		FY2018	\$1,000,000
FY2015	400,000		FY2019	1,200,000
FY2016	600,000		FY2020	1,400,000
FY2017	800,000		FY2021	1,600,000

- **Transfer of Excess Reserves** - On an annual basis, the Town is required to perform a review of reserves in the Medical Self-Insurance (internal service) Fund. In accordance with the reserve policy for that fund, any excess reserves are to be considered for transfer to the OPEB Trust Fund. In September 2014, \$1,800,000 of excess reserves were transferred pursuant to this requirement.

Management of Trust Assets - The OPEB Board of Trustees is charged with the responsibility of managing the assets of the Trust. To that end, the Trustees' responsibilities include: establishing and maintaining the Trust's investment policy, selecting the investments, and periodically monitoring the performance of the investments. The Trustees shall discharge their duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing. The Trustees may engage the services of an investment consultant. The investment consultant's role is that of a non-discretionary advisor to the Trustees. The investment consultant will assist in the development and periodic review of an Investment Policy Statement and the Trust's asset allocation, conduct manager searches when necessary, monitor the performance of the managers/funds, and communicate on other matters of relevance to the oversight of the Trust.

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SECTION VI – ADDITIONAL INFORMATION

Continuing Disclosure

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form included in Appendix C to this Official Statement (the “Continuing Disclosure Agreement for Bonds”), to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the “Rule”), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town of Wethersfield prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody’s Investors Service and Standard & Poor’s ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town has not during the preceding five (5) years defaulted in any of its obligations under any Continuing Disclosure Agreement for the benefit of holders of its debt obligations to provide annual financial information or event notices pursuant to the Rule, except that when the Town was upgraded by Standard & Poor’s Ratings Service from AA to AA+ in March 2014 the Town was not advised of the rating change, and upon learning of the change a material event notice was filed in July 2014.

Litigation

Following consultation with the Town Attorney, and other attorneys providing legal services to the Town, Town officials advise that the Town of Wethersfield, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits in which attorneys have filed appearances on behalf of the Town. With regard to these pending lawsuits, it is the Town officials’ 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 to Be Furnished at Closing

The Underwriter will be furnished, subject to delivery of reoffering yield information as requested, the following documents when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager, the Treasurer and the Finance Director, 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 on the Bonds were accepted, the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed Continuing Disclosure Agreement substantially in the form attached hereto as Appendix D.

Within seven business days after the bid opening, the Town will furnish the original purchaser of the Bonds 50 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer. If the Town's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of U.S. Bank National Association, in Hartford, Connecticut and may be examined upon reasonable notice.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town of Wethersfield, 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 on the date below, 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/ Jeffrey K. Bridges, Jr.
Town Manager

By: /s/ Harry Lichtenbaum
Treasurer

By: /s/ Michael J. O'Neil
Finance Director

Dated as of December 3, 2014

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Members of the Town Council
Town of Wethersfield, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wethersfield, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Wethersfield, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wethersfield, Connecticut, as of June 30, 2014 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 on pages A-3 through A-17, the budgetary comparison information on pages A-53 through A-56, the schedule of changes in net pension liability and related ratios on page A-57, the schedule of employer contributions on page A-58, and the schedule of investment returns on page A-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
November 20, 2014



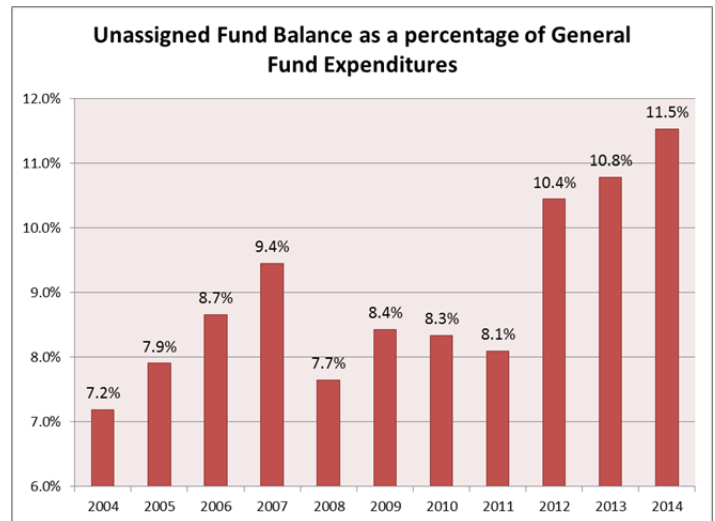
TOWN OF WETHERSFIELD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

This discussion and analysis of the Town of Wethersfield, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's total net position at the close of the fiscal year was \$82.5 million, an increase of \$4.4 million or 5.5% over the previous fiscal year. Of the Town's total net position at June 30, 2014, \$5.2 million or 6.2% is *unrestricted* and may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$11.79 million, which is an increase of \$1.3 million from the prior fiscal year. This change was primarily due to an increase in tax collections and building permit revenues.

- As of June 30, 2014, the General Fund *unassigned* fund balance of \$10.25 million represents approximately 11.5% of budgeted General Fund expenditures (\$88.83 million) as compared to 10.8% in the prior year. The Town maintains a General Fund unassigned fund balance at a level that meets the guidelines established by rating agencies and as prescribed within the Town's written financial policies (currently 7%-10%). Rating agencies evaluate municipalities to determine the financial condition of the community and assign a bond rating that influences the rate of interest paid on debt issues. Accordingly, a strong fund balance demonstrates the Town's commitment to fiscal responsibility, reduces bonding costs, and indicates an ability to meet unforeseen emergencies.



- The Town of Wethersfield's *combined* governmental funds include the General Fund, Capital Projects Fund, and other non-major funds. The governmental funds reported *combined* ending fund balances of \$10.43 million, which is a decrease of \$5.0 million from the prior fiscal year. The decrease is due to the funding of the high school renovation project from reserves in anticipation of bond proceeds and state grant reimbursements.

- The Town Council levied a separate mill rate of .27 or \$605,000 which is presented in the Capital Projects Fund and dedicated to road improvements.
- The Town began the construction phase of the \$84 million Wethersfield High School renovation project in FY 14. The project is estimated to be completed by September 2016.
- The Town of Wethersfield's total bonded debt had a net decrease of \$2.4 million (approximately 9.3%) as of the end of the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wethersfield's basic financial statements. This annual report consists of four parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) an additional section that presents combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status (Exhibits I and II, respectively).
- The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements (Exhibits III to IX).
 - The *governmental funds statements* tell how general government services such as police, fire and parks were financed in the short-term as well as what remains for future spending.
 - *Proprietary funds statements* offer short and long-term financial information about the activities the government operates like business, that is, the Town's Medical and Heart and Hypertension internal service funds.
 - *Fiduciary funds statements* provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

Major Features of the Basic Financial Statements - Figure A-1

		<u>Fund Financial Statements</u>		
<u>Type of Statements</u>	<u>Government-wide Financial Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<i>Scope</i>	Entire Town government (except fiduciary activities).	Activities primarily supported by taxes, grants, and similar revenue sources.	Activities the Town operates similar which have significant support from fees and charges.	Instances in which the Town administers resources as trustee on behalf of someone else such as pension trust funds.
<i>Required financial statements</i>	<ul style="list-style-type: none"> ➤ Statement of net position. ➤ Statement of activities. 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures and changes in fund balances. 	<ul style="list-style-type: none"> ➤ Statement of net position ➤ Statement of revenues, expenses and changes in net position. ➤ Statement of cash flows. 	<ul style="list-style-type: none"> ➤ Statement of fiduciary net position. ➤ Statement of changes in fiduciary net position.
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash are received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions and deductions during the year regardless of when cash is received or paid.

Figure A-1 summarizes the major features of the Town’s financial statements, including the portion of the Town government they cover and the types of information that they contain. The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements (Exhibits I and II) One of the most important questions asked about the Town’s finances is, “Is the Town as a whole better off or worse off as a result of the year’s activities?” The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that should answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid.

The *Statement of Net Position* presents information on all the Town’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the Town’s net position can be an indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial indicators such as changes in the Town’s property tax base, growth in school enrollment and the condition of the Town’s roads, to assess the overall health of the Town.

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 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.)

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*). *The governmental activities* represent most of the Town’s basic services such as fire and police protection, public works, social and human services, parks and recreation, education and general administration.

The government-wide financial statements (statement of net position and statement of activities) can be found in Exhibits I and II of this report.

Fund Financial Statements The fund financial statements begin with Exhibit III and provide detailed information about the Town’s funds, focusing on its most significant or “major” funds and not the Town as a whole. Some funds are required to be established by state law or by bond covenants. However, the Town establishes many other funds to help it maintain control and manage funds that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance-related legal requirements for using certain grants. The Town of Wethersfield has three types of funds:

Governmental Funds (Exhibits III and IV). 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.

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and the capital projects funds, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibits B-1 and B-2 in this report.

The Town adopts an annual budget for its General Fund. Budgetary comparison statements (RSI-1 and RSI-2) have been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds (Exhibits V, VI and VII). Proprietary funds are generally used for reporting charges for services for which the Town charges a fee. They are reported in the same way as the government-wide statements. The Town has one type of proprietary fund which is the internal service fund.

Internal Service Funds are used to report activities that provide self-insured medical services and heart and hypertension payments which are funded by other Town programs or activities.

Fiduciary Funds (Exhibits VIII and IX). The Town is the trustee, or fiduciary, for its employees' pension plan and other postemployment benefits (OPEB) plan. It is also responsible for other assets that, because of trust agreements, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. 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. The notes to the financial statements can be found on immediately following Exhibit IX of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position of governmental activities increased approximately 4.3% (\$82.5 million compared to \$78.1 million).

TABLE 1 - NET POSITION (In Thousands)

	Governmental Activities	
	2014	2013
Current and other assets	\$ 31,340	\$ 29,697
Capital assets, net of accumulated depreciation	104,649	91,217
Total assets	<u>135,989</u>	<u>120,914</u>
Deferred outflows of resources	<u>1,002</u>	<u>1,131</u>
Current liabilities	8,989	3,591
Long-term liabilities outstanding	43,141	38,727
Total liabilities	<u>52,130</u>	<u>42,318</u>
Deferred inflows of resources	<u>2,403</u>	<u>1,646</u>
Net Position:		
Net investment in capital assets	77,283	64,698
Unrestricted	<u>5,175</u>	<u>13,383</u>
Total Net Position	<u>\$ 82,458</u>	<u>\$ 78,081</u>

By far the largest portion of the Town's net position (92.6 percent) reflects its investment in capital assets (i.e., land, buildings, vehicles, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Wethersfield'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 capital assets themselves may not be used to liquidate these liabilities.

The remaining balance of \$5.2 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position decreased from \$13.38 million at June 30, 2013 to \$5.18 million at June 30, 2014, for a total decrease of \$8.2 million. This change in unrestricted governmental net position resulted primarily because of further investments in capital assets especially the High School renovation project.

Governmental Activities

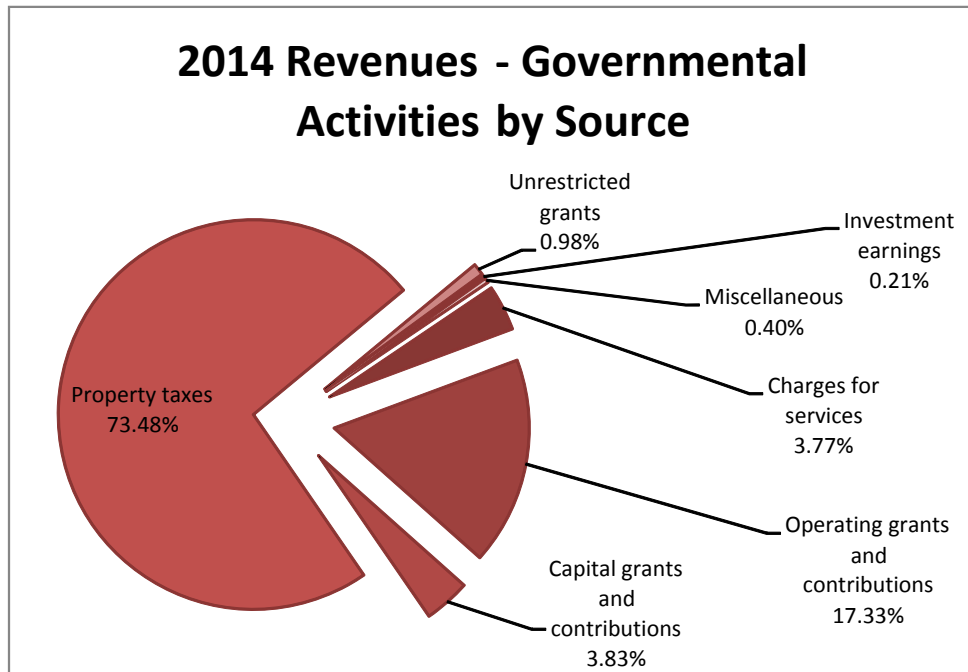
Governmental activities increased the Town's net position by \$4.38 million. Key elements of this increase are as follows:

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 4,042	\$ 4,116
Operating grants and contributions	18,591	16,835
Capital grants and contributions	4,110	3,061
General revenues:		
Property taxes	78,818	76,402
Unrestricted grants	1,049	1,404
Unrestricted investment earnings	221	71
Miscellaneous	427	270
Total revenues	<u>107,258</u>	<u>102,159</u>
Expenses:		
Public safety	10,872	9,469
Public works	9,041	9,053
Recreation and parks	2,576	2,505
Social services	873	916
Library	1,797	1,850
General government	10,668	8,796
Education	66,170	62,032
Interest on long-term debt	885	1,090
Total expenses	<u>102,882</u>	<u>95,711</u>
Change in Net Position	<u>\$ 4,376</u>	<u>\$ 6,448</u>

The Town's total revenue was \$107.3 million, an increase of \$5.1 million from the prior year. The total cost of all programs and services was \$102.9 million, which is an increase of \$7.2 million from the prior year. The analysis below separately considers the operations of governmental activities.

Revenues:

Approximately 74% of revenues were derived from property taxes, 21% from operating, capital and unrestricted grants; the remaining 5% of revenues were generated from program and other miscellaneous revenues.



Major revenue factors include:

- Property taxes and associated interest and lien fees increased by \$2.4 million from the prior year due to a tax rate increase of 2.7% (a .88 mill rate increase) and more aggressive collection efforts.
- The Town’s collection rate on the current adjusted levy was 98.98% which is an increase from the prior year of 98.96%. The Statement of Activities includes accruals for interest receivable and recognizes all taxes due as revenue less an allowance for uncollectible taxes and interest.
- Total grant support increased approximately \$2.71 million overall, with Education grants accounting for 89.0% of all intergovernmental revenue the Town receives.
- Unrestricted investment earnings increased by \$150 thousand.
- Building permits increased by \$347 thousand.

Expenses:

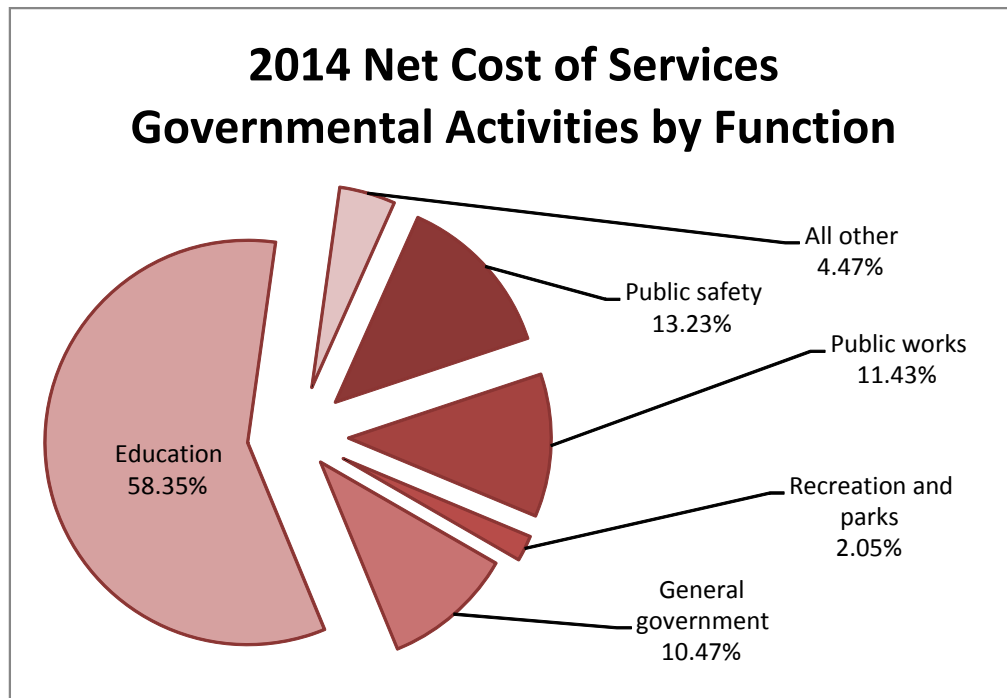
Governmental Activities: The Town’s net cost of services by function was allocated as follows: Education 58.4%; Public Safety 13.2%, Public Works 11.4%, General Government 10.5%, and Recreation & Parks 2.1%. All other total 4.5% and include the Library, Social Services and Interest on Long-Term Debt. It is important to remember that these expenses include items not normally seen on a budgetary basis, such as depreciation of capital assets, the disposal of capital assets, the change in compensated absence accruals for vacation and sick pay and net pension and OPEB (other post employment benefit) costs.

The total cost of all programs and services was \$102.9 million, which is an increase of \$7.17 million from the prior year. Under GASB 34, the net OPEB obligation is required to be expensed to the various departments. This obligation increased by \$3.59 million from the prior year which was allocated to public safety, general government and education.

Table 3 and the chart which follows it present the total cost of services for the Town's major functions: Education, Public Works, Public Safety, General Government, Recreation & Parks, and all other costs. Each function's net cost (i.e., total cost less revenues from non-tax sources, directly related to the individual function) is also detailed as a measure of the fiscal burden on taxpayers by function.

TABLE 3 - GROSS AND NET COST OF SERVICES (In Thousands)

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Public safety	\$ 10,872	\$ 9,469	\$ 10,076	\$ 8,719
Public works	9,041	9,053	8,701	8,710
Recreation and parks	2,576	2,505	1,562	1,490
General government	10,668	8,796	7,970	4,699
Education	66,170	62,032	44,430	44,416
All other	3,554	3,856	3,401	3,666
Total	\$ 102,881	\$ 95,711	\$ 76,140	\$ 71,700



Financial Analysis of the Town's Fund Financial Statements

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

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported combined fund balances of \$10.43 million, a decrease of \$5.0 million from June 30, 2013. The results of operations includes accounting entries for encumbrances, compensated absences and accrued payroll, as required by GAAP, which also have an impact on the fund balance.

Restricted fund balances of \$1.69 million include reserves restricted for specific uses from contributors and legal restrictions due to grant requirements. *Committed* fund balances of \$7.74 million include \$414 thousand authorized for payments to retirees for accumulated vacation and sick pay, \$5.11 million authorized for specific capital projects, and \$2.21 million authorized for other specific purposes. *Assigned* fund balances of \$1.13 million include \$600 thousand for use toward the 2014-15 General Fund operating budget and \$527 thousand for encumbrances outstanding at fiscal year-end. *Unassigned* fund balance of (\$151 thousand) represents the Town's cash balance available for any other purpose. The lack of unassigned fund balance for the combined governmental funds is due to the funding of the high school renovation project from reserves in anticipation of bond proceeds and state grant reimbursement.

The General Fund is the chief operating fund for the Town. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$10.2 million while total fund balance is \$11.8 million. A measure of the General Fund's liquidity is the ratio of unassigned fund balance to total fund expenditures. The *unassigned* fund balance of \$10.2 million represents approximately 10.6% of total General Fund expenditures (\$96.6 million) as compared to 10.0% in the prior year.

Capital Projects Fund This fund accounts for the financial revenues including resources from borrowing to be used for major capital asset construction and/or purchases and items, which are reserved for special purposes. There are 106 separate projects tracked and maintained in a combination of funds. The capital projects fund's expenditures exceeded revenues by \$6.63 million. The increase in expenditures was the result of the Wethersfield High School Renovation project with expenditures of approximately \$10.4 million. The State awards grants based upon a reimbursement process; the timing of the requests for reimbursements creates a funding shortfall. Also the Town has not issued any of the bonds authorized for the project.

Proprietary Funds The Town's proprietary funds (shown in Exhibits V, VI, VII and Exhibits C-1, C-2, C-3) are two internal service funds: The Hospital & Medical Insurance Fund and the Heart & Hypertension Fund.

Unrestricted net position of the Internal Service Funds at the end of the fiscal year totaled \$5.45 million. The increase in net position in the internal service funds of \$1.19 million was due to Town and Board of Education contributions into the self-insurance programs exceeding benefit payments and other expenses.

Fiduciary Funds The Town's fiduciary funds (shown in Exhibits VIII and IX) are the Pension Trust Fund and the OPEB Trust Fund. The Town of Wethersfield Pension plan net position held in trust for pension benefits at June 30, 2014 was \$84.8 million. Net pension assets are defined as the fair market value of investments less amounts due for administrative fees and other payables.

The Plan fiduciary net position as a percentage of the total pension liability is 91.43%. The Town has historically funded 100% of its annual required contributions.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget for expenditures. During the year, revenues exceeded budgetary estimates by \$1.19 million (see Table 4, below) primarily due to higher tax collections and increase in license and permit fees. Expenditures were below budgetary estimates by \$38,152. The Town had originally budgeted the use of prior year fund balance of \$300 thousand to balance the fiscal 2014 budget; however, that appropriation was not utilized.

The Town's net change in fund balance of \$1.31 million reported on Exhibit IV differs from the General Fund's budgetary operating surplus of \$1.19 million reported in the budgetary comparison in the required supplementary information. This difference is primarily the result of encumbrances. Under budgetary accounting open purchase orders at the end of the fiscal year are expensed in the budget. Under GAAP, those expenses are removed from the departmental expenses until the goods are physically received and paid.

Major budget to actual highlights are as follows:

- Town's property tax revenue exceeded budgetary estimates by \$927,753 due to the Tax Department's aggressive collection efforts on delinquent taxes.
- Building inspections revenues exceeded budgetary estimates by \$347,349 due to a significant project.
- The \$300,000 appropriation of fund balance was not utilized.
- A transfer of \$239,524 from contingency was made to Physical Services for winter storm related expenditures.

Transfers to compensated absences, the Street Improvement Fund and CNEF reserves in the amount of \$481,925 were made from surpluses in these departments:

- \$ 113,027 Police
- \$ 93,093 Date Services
- \$ 65,000 Retiree Reserves
- \$ 42,906 Elections
- \$ 35,046 Fire Suppression
- \$ 31,663 Building
- \$ 28,889 Parks and Recreation
- \$ 16,762 Social & Youth Services
- \$ 15,696 Town Clerk
- \$ 15,646 Planning & Development
- \$ 5,151 Town Council
- \$ 4,287 Emergency Medical Services
- \$ 4,273 Finance
- \$ 3,819 Library
- \$ 6,667 Other departments

TABLE 4 - TOWN OF WETHERSFIELD GENERAL FUND BUDGETARY BASIS

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Revenues:			
Property taxes, interest and lien fees	\$ 78,321,007	\$ 75,019,911	\$ 3,301,096
Intergovernmental revenues	9,656,806	9,924,969	(268,163)
Charges for services	1,051,153	1,075,415	(24,262)
Licenses, fees and permits	652,462	403,190	249,272
Fines and penalties	41,708	23,317	18,391
Interest on investments	60,476	88,382	(27,906)
Other revenues	177,181	108,752	68,429
Transfers in from other funds	53,429		53,429
Total revenues	<u>90,014,222</u>	<u>86,643,936</u>	<u>3,370,286</u>
Expenditures:			
General government	4,901,557	4,567,335	334,222
Public safety	9,125,440	8,937,651	187,789
Public works	8,350,241	7,917,733	432,508
Social services	767,260	875,141	(107,881)
Library	1,785,149	1,736,204	48,945
Recreation and parks	1,584,881	1,403,082	181,799
Insurance	619,257	584,485	34,772
Disaster recovery		311,730	(311,730)
Metropolitan District Commission	2,829,570	2,751,565	78,005
Debt service	3,236,243	3,807,461	(571,218)
Education	53,072,660	51,614,067	1,458,593
Transfers out to other funds	2,555,442	1,842,527	712,915
Total expenditures	<u>88,827,700</u>	<u>86,348,981</u>	<u>2,478,719</u>
Net Change in Fund Balance	<u>\$ 1,186,522</u>	<u>\$ 294,955</u>	<u>\$ 891,567</u>

The major 2014 to 2013 variances are as follows:

- Property taxes increased by approximately \$3.3 million due to a tax rate increase of 1.00 mills, from 32.19 to 33.19, for fiscal year ending June 30, 2014. The tax collection rate increased by .02%, from 98.96% to 98.98%. Collection of delinquent taxes increased from the prior year by \$323,349 or 47% due to more aggressive collection efforts, including tax sales.
- Intergovernmental revenues decreased by approximately \$270 thousand, due in large part to reductions in federal reimbursements for storm-related costs, the State's municipal revenue sharing program, and the school building grant (\$188, \$161, and \$48 thousand respectively). These reductions were offset by an increase in State funding for the Equalized Cost Sharing grant of \$111 thousand.
- Licenses, fees and permits increased by \$249 thousand mostly due to an increase in building inspections and permit applications.

- General wage increases in July 2013 were: Police (2%), Public Works employees (2.5%), Library Supervisors and Non-supervisors (2%), Professional and Technical employees (2%), Clerical and Police Dispatch employees (2%), and Administrators (2%). These increases impacted the various functions of government.
- Increases in Public Works expenditures were affected by an increase in overtime-related expenses to provide extended coverage for winter storms.
- Disaster Recovery expenditures decreased by \$311 thousand due to the lack of any events that qualified for FEMA reimbursement. Storm-related costs were included with departmental expenditures.
- Debt Service expenditures decreased by \$571 thousand due to scheduled amortization, and the lack of any new debt issues.

Capital Asset and Debt Administration

Capital Assets The Town of Wethersfield's investment in capital assets for its governmental type activities, as of June 30, 2014, is \$104.6 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, other improvements, rolling equipment, furniture and fixtures and infrastructure (See Table 5). Infrastructure includes roads, bridges, sidewalks and system storm drains. The Town's investment in capital assets for the current fiscal year increased \$13.4 million or 14.7%.

There were total additions of \$2,226,659 of which \$789,836 was moved from Construction in Progress.

Major capital asset activity including major additions to assets being depreciated during the current fiscal year included the following:

Olney Road Pavement Reconstruction	\$	549,459
Dump Truck		225,552
Webb School Parking Lot		218,000
Tree Truck		156,234
Emerson Williams Playground Equipment		142,709
High School/Hammer Renovations		113,880
Dispatch Furniture		<u>66,065</u>
	\$	<u>1,471,899</u>

TABLE 5 - CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)
(In Thousands)

	Governmental Activities	
	2014	2013
Land	\$ 7,697	\$ 7,697
Property rights	200	200
Buildings	53,450	55,064
Improvements other than buildings	3,525	3,629
Rolling equipment	3,510	3,675
Furniture and fixtures	1,434	1,315
Infrastructure	12,285	11,757
Construction in progress	22,548	7,880
Total	<u>\$ 104,649</u>	<u>\$ 91,217</u>

More detailed information about the Town's capital assets is presented in Notes 1 and 5 to the financial statements.

Long-Term Debt

At year-end the Town had \$22.04 million outstanding in general obligation bonds compared to \$24.29 million in FY13; this is a decrease of 9.3% as shown in Table 6. All debt is backed by the full faith and credit of the Town. The remainder of the Town's debt represents \$4.3 million in capital leases for rolling stock and radio equipment, unamortized bond premium of \$1.36 million and private placement notes of \$655,000.

TABLE 6 - LONG-TERM OBLIGATIONS

	Governmental Activities	
	2014	2013
General obligation bonds	\$ 22,035,000	\$ 24,290,000
Capital lease obligations	4,315,052	1,122,658
Notes payable	655,000	725,000
Bond premium	1,363,659	1,511,128
Total	<u>\$ 28,368,711</u>	<u>\$ 27,648,786</u>

The Town's general obligation bond rating continues to carry Aa2 rating from Moody's (2014) and AA+ from Standard and Poor's (2014). The State limits the amount of general obligation debt that municipalities may issue based upon a statutory formula differentiated by the type of debt and a multiplier of tax collections. The overall debt limit for the Town of Wethersfield is equal to seven times annual receipts from taxation or \$551.9 million.

Other obligations include retiree medical costs, accrued vacation pay and sick leave and risk management. More detailed information about the Town's long-term liabilities is presented in Notes 7 and 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town is well positioned to withstand adverse economic conditions. State aid comprises less than 11% of General Fund revenues, and as such the Town is more insulated from the impact of State revenue shortfalls than many other cities and towns in Connecticut. Even with an overwhelming reliance on property taxes and other revenues affected by current economic conditions, the Town has been able to adjust expenditures accordingly while maintaining services during the current recession.

The Town did not add any major new programs or initiatives to the 2014-2015 budget. There will be increased focus on the core services for the Town in future budget plans in order to ease the stress of limited resources of taxpayers and current economic conditions. The Town has appropriated \$600 thousand of fund balance in the fiscal year 2014-2015 budget as a provision for revenue contingencies and to direct additional resources to the road improvement program in light of the fact that appropriated fund balance was not utilized in fiscal year 2013-2014.

Requests for Information

This financial report is designed to provide a general overview of the Town of Wethersfield's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed in writing to Finance Director, Town of Wethersfield, 505 Silas Deane Highway, Wethersfield, Connecticut 06109.

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 23,540,846
Investments	2,011,029
Receivables, net	5,257,967
Inventory	21,433
Due from fiduciary funds	405,567
Capital assets not being depreciated	30,445,131
Capital assets being depreciated, net	74,203,808
Net pension asset	102,806
Total assets	<u>135,988,587</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>1,002,314</u>
Liabilities:	
Accounts payable and accrued items	7,728,905
Unearned revenue	1,260,229
Noncurrent liabilities:	
Due within one year	4,352,357
Due in more than one year	38,788,995
Total liabilities	<u>52,130,486</u>
Deferred Inflows of Resources:	
Advance property tax collections	2,312,096
Advance fee collections	90,968
Total deferred inflows of resources	<u>2,403,064</u>
Net Position:	
Net investment in capital assets	77,282,542
Unrestricted	<u>5,174,809</u>
Total Net Position	<u>\$ 82,457,351</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

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Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Public safety	\$ 10,871,506	\$ 624,719	\$ 142,368	\$ 28,148	\$ (10,076,271)
Public works	9,040,742	339,842			(8,700,900)
Recreation and parks	2,575,688	1,006,475	6,740		(1,562,473)
Social services	872,960	38,644	95,039		(739,277)
Library	1,797,565	19,499			(1,778,066)
General government	10,667,975	863,980	93,590	1,740,674	(7,969,731)
Education	66,169,559	1,148,488	18,252,183	2,339,117	(44,429,771)
Interest on long-term debt	885,554			2,308	(883,246)
Total	\$ 102,881,549	\$ 4,041,647	\$ 18,589,920	\$ 4,110,247	(76,139,735)
General Revenues:					
Property taxes					78,817,531
Unrestricted grants					1,049,249
Unrestricted investment earnings					221,453
Miscellaneous					427,468
Total general revenues					<u>80,515,701</u>
Change in net position					4,375,966
Net Position at Beginning of Year					<u>78,081,385</u>
Net Position at End of Year					<u>\$ 82,457,351</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,958,555	\$ 4,029,428	\$ 4,408,959	\$ 17,396,942
Investments		2,011,029		2,011,029
Receivables, net	2,022,641	830,341	1,230,760	4,083,742
Due from other funds	8,321,545			8,321,545
Other assets			21,433	21,433
Total Assets	<u>\$ 19,302,741</u>	<u>\$ 6,870,798</u>	<u>\$ 5,661,152</u>	<u>\$ 31,834,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 3,521,916	\$ 3,589,315	\$ 378,501	\$ 7,489,732
Due to other funds		7,745,501	170,477	7,915,978
Due to other governments	30,241			30,241
Unearned revenue	15,454	4,303	1,267,108	1,286,865
Total liabilities	<u>3,567,611</u>	<u>11,339,119</u>	<u>1,816,086</u>	<u>16,722,816</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,661,082	5,865		1,666,947
Unavailable revenue - loans receivable			613,821	613,821
Advance fee collections			90,968	90,968
Advance property tax collections	2,285,348	26,748		2,312,096
Total deferred inflows of resources	<u>3,946,430</u>	<u>32,613</u>	<u>704,789</u>	<u>4,683,832</u>
Fund balances:				
Nonspendable			21,433	21,433
Restricted		788,666	906,331	1,694,997
Committed	414,179	5,109,404	2,212,513	7,736,096
Assigned	1,126,833			1,126,833
Unassigned	10,247,688	(10,399,004)		(151,316)
Total fund balances	<u>11,788,700</u>	<u>(4,500,934)</u>	<u>3,140,277</u>	<u>10,428,043</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,302,741</u>	<u>\$ 6,870,798</u>	<u>\$ 5,661,152</u>	<u>\$ 31,834,691</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Fund balances - total governmental funds	\$ 10,428,043
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 176,057,926
Less accumulated depreciation	<u>(71,408,987)</u>
Net capital assets	104,648,939
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	102,806
Property tax receivables greater than 60 days	1,693,583
Loan receivables greater than 60 days	613,821
Interest receivable on property taxes, less allowance for uncollectibles	1,124,603
Receivable from the state for school construction projects	45,397
Deferred charge on refunding	1,002,314
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	5,448,337
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(22,690,000)
Premium on issuance	(1,363,659)
Interest payable on bonds and notes	(208,022)
Compensated absences	(2,316,826)
OPEB obligation	(11,756,933)
Capital lease	<u>(4,315,052)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 82,457,351</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 78,321,007	\$ 639,965	\$	\$ 78,960,972
Intergovernmental revenues	17,339,290	3,721,513	2,669,673	23,730,476
Licenses, fees and permits	694,170		15,555	709,725
Charges for services	1,237,342	10,260	2,211,714	3,459,316
Investment gain	61,270	152,331	2,808	216,409
Donations			65,303	65,303
Other local revenues	164,504	78,080	132,540	375,124
Total revenues	<u>97,817,583</u>	<u>4,602,149</u>	<u>5,097,593</u>	<u>107,517,325</u>
Expenditures:				
Current:				
Public safety	9,242,982	62,376	445,445	9,750,803
Public works	8,298,582			8,298,582
Recreation and parks	1,591,171		700,780	2,291,951
Social services	791,675		66,579	858,254
Library	1,799,942			1,799,942
General government	8,437,977	162,411	626,833	9,227,221
Education	60,950,236		2,801,750	63,751,986
Capital outlay		16,592,769	121,505	16,714,274
Debt service	3,236,244	411,084		3,647,328
Total expenditures	<u>94,348,809</u>	<u>17,228,640</u>	<u>4,762,892</u>	<u>116,340,341</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,468,774</u>	<u>(12,626,491)</u>	<u>334,701</u>	<u>(8,823,016)</u>
Other Financing Sources (Uses):				
Issuance of capital lease		3,822,567		3,822,567
Transfers in	123,429	2,230,985	54,100	2,408,514
Transfers out	(2,285,085)	(53,429)	(70,000)	(2,408,514)
Total other financing sources (uses)	<u>(2,161,656)</u>	<u>6,000,123</u>	<u>(15,900)</u>	<u>3,822,567</u>
Net Change in Fund Balances	1,307,118	(6,626,368)	318,801	(5,000,449)
Fund Balances at Beginning of Year	<u>10,481,582</u>	<u>2,125,434</u>	<u>2,821,476</u>	<u>15,428,492</u>
Fund Balances at End of Year	<u>\$ 11,788,700</u>	<u>\$ (4,500,934)</u>	<u>\$ 3,140,277</u>	<u>\$ 10,428,043</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (5,000,449)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	16,894,258
Depreciation expense	(3,320,843)

In the statement of activities, only the gain 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 assets differs from the change in fund balance by the cost of the asset sold.	(141,160)
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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 funds are not reported in the statement of activities:

School building grant receipts	(46,363)
Property tax receivable - accrual basis change	(136,241)
Loans receivable - accrual basis change	(127,394)
Property tax interest and lien revenue - accrual basis change	37,031
Net pension asset	1,219

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

Notes principal payments	70,000
Bond principal payments	2,255,000
Capital lease issuance	(3,822,567)
Capital lease payments	630,173

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

Compensated absences	(324,406)
Interest on bonds	17,670
Deferred charges	(22,313)
OPEB obligation	(3,591,961)
Amortization of deferred charge on refunding	(105,915)
Other	(230,312)
Amortization of bond premiums	147,469

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

1,193,070

Change in Net Position of Governmental Activities (Exhibit II)

<u>\$ 4,375,966</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2014

	Governmental Activities <hr/> Internal Service Funds <hr/>
Assets:	
Cash and cash equivalents	\$ 6,143,904
Accounts receivable	4,225
Total assets	<hr/> 6,148,129 <hr/>
Liabilities:	
Current:	
Accounts payable	910
Claims incurred but not reported	438,762
Noncurrent:	
Claims incurred but not reported	260,120
Total liabilities	<hr/> 699,792 <hr/>
Net Position:	
Unrestricted	\$ 5,448,337

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Contributions	\$ <u>8,997,926</u>
Operating Expenses:	
Employee benefits	6,891,444
Other expenses	<u>1,111,962</u>
Total operating expenses	<u>8,003,406</u>
Operating Income	<u>994,520</u>
Nonoperating Revenue:	
Income on investments	5,044
Other	<u>193,506</u>
Total nonoperating revenue	<u>198,550</u>
Change in Net Position	1,193,070
Net Position at Beginning of Year	<u>4,255,267</u>
Net Position at End of Year	<u>\$ <u>5,448,337</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 8,994,131
Payment to suppliers	(1,111,962)
Payment to employees	(6,920,517)
Net cash provided by operating activities	961,652
Cash Flows from Investing Activities:	
Interest on investments	5,044
Net Increase in Cash and Cash Equivalents	966,696
Cash and Cash Equivalents at Beginning of Year	5,177,208
Cash and Cash Equivalents at End of Year	\$ 6,143,904
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 994,520
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(3,795)
Decrease in accounts payable and accrued expenses	(29,073)
Net Cash Provided by in Operating Activities	\$ 961,652

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 333,717	\$ 1,133,102	\$ 285,285	\$ 749,940
Investments:				
Mutual funds	84,476,446	7,630,590	1,688,404	
Other				60,490
Contribution and other receivables	<u>39,922</u>	<u>9,699</u>	<u>152</u>	
Total assets	<u>84,850,085</u>	<u>8,773,391</u>	<u>1,973,841</u>	<u>\$ 810,430</u>
Liabilities:				
Accounts payable		32,146	4,626	\$
Claims incurred but not reported		118,238		
Due to other funds		396,019	9,548	
Due to student groups and others				<u>810,430</u>
Total liabilities	<u>-</u>	<u>546,403</u>	<u>14,174</u>	<u>\$ 810,430</u>
Net Position:				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 84,850,085</u>	<u>\$ 8,226,988</u>	<u>\$ 1,959,667</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 2,091,887	\$ 1,749,557	\$
Plan members	1,008,558	599,631	
Other		36,964	87,392
Total	<u>3,100,445</u>	<u>2,386,152</u>	<u>87,392</u>
Investment income:			
Net appreciation in fair value of investments	9,352,147	806,348	
Interest and dividends	<u>3,782,396</u>	<u>201,934</u>	<u>163,307</u>
Total investment gain	13,134,543	1,008,282	163,307
Less investment expenses:			
Investment management fees	<u>357,975</u>		
Net investment income	<u>12,776,568</u>	<u>1,008,282</u>	<u>163,307</u>
Total additions	<u>15,877,013</u>	<u>3,394,434</u>	<u>250,699</u>
Deductions:			
Benefits	4,773,442	2,258,165	
Administration expense	101,329	110,313	
Other			132,817
Total deductions	<u>4,874,771</u>	<u>2,368,478</u>	<u>132,817</u>
Net Change	11,002,242	1,025,956	117,882
Net Position at Beginning of Year	<u>73,847,843</u>	<u>7,201,032</u>	<u>1,841,785</u>
Net Position at End of Year	<u>\$ 84,850,085</u>	<u>\$ 8,226,988</u>	<u>\$ 1,959,667</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1822. It operates under a charter as revised on November 2, 2004. The Town operates under a Town Council-Town Manager form of government. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in *Statement of Governmental Accounting Standards No. 14* issued by the Governmental Accounting Standards Board.

The Wethersfield Housing Authority (the WHA), although governed by a commission that is appointed by the Town Council, is considered to be a separate governmental body because the Town has no budgetary authority over the WHA and has no authority over the funds of the WHA. Financial data for the WHA are not included in the financial statements of the Town.

The Central Connecticut Health District (the CCHD), a tri-town health district, was created pursuant to State statute. CCHD is overseen by a twelve-member board of which three members are appointed by the Town. Funding for CCHD is partially obtained through an assessment levied on the participating towns. The Town has no governing or budgeting authority over CCHD. CCHD is considered a separate governmental body and is, therefore, not included in the Town's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for construction and acquisition of major capital assets.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the Town's heart and hypertension, self-insurance program for accident and health insurance coverage of the Town and Board of Education employees.

The *Pension Trust Fund* is used to account for the activities of the Town's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

The *OPEB (Other Post Employment Benefit) Trust Fund* is used to account for the activities for both the Town and Board of Education that accumulate resources for other post employment benefit payments to qualified employees.

The *Private Purpose Trust Funds* are used to account for the Town's resources legally held in trust for the benefit of the library, animal control operations, public park beautification and firefighters.

The *Agency Funds* account for monies held on behalf of outside groups such as student activity funds, various community committees, and amounts held for performance bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the 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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for internal service funds include the benefits and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

F. Property Taxes

The Town's property tax is levied on July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Real and personal property tax bills in excess of \$200 and \$500, respectively, are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year. Motor vehicle taxes are payable in one installment on July 1.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Property assessments are made at 70% of appraised market value, based on the assessed value of the property at the prior October 1.

It is the policy of the Town to record deferred inflows of resources for property taxes receivable at June 30 that have not been collected prior to September 1. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections.

The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Taxes collected during the 60-day period have been recorded as revenue. Property taxes receivable not expected to be collected during the available period are reflected in deferred inflows of resources in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements.

G. Inventories and Prepaid Items

All materials and supplies are recorded as expenditures in the year purchased, except for food and supplies inventory of the Cafeteria Special Revenue Fund. Purchased inventories of the Cafeteria Fund are stated at cost on a first-in, first-out basis. Inventories of donated commodities are stated at fair market value.

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

H. 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. Depreciable capital assets are defined by the government as equipment in excess of \$5,000 or buildings and infrastructure improvements in excess of \$25,000 with an estimated useful life of more than one fiscal year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	25-50
Infrastructure and public domain improvements	20-70
Office and school equipment	10-20
Kitchen appliances	15
Machinery, tools and equipment	10-15
Motor vehicles	7
Computer equipment and accessories	5

I. 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 or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and advance fee collections in the government-wide statement of net position and in the governmental funds balance. Both advance property tax collections and advance fee collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness which varies by bargaining unit as well as hire date. The entire liability is recognized in the government-wide financial statements.

K. 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 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 any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

L. Fund Equity

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

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

Restricted Net Position - Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts), or legally or contractually are required to be maintained intact (such as corpus of an endowment fund).

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by the Town itself, using its highest level of decision-making authority. Only the Wethersfield Town Council by adoption of an ordinance or the Electors of the Town by referendum can commit or rescind committed fund balance.

Assigned Fund Balance - This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or the Director of Finance. Intent can be expressed by the Town or by an official or body to which the Town delegated authority and can include appropriations of existing fund balance for future budgets and encumbrances.

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

The Town shall propose budgets that provide for an unrestricted General Fund balance of not less than 7% or more than 10% of the total operating General Fund expenditures.

M. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund is the only fund for which a legal budget is adopted. Budgets for the Capital Nonrecurring Fund and Animal Control Fund are authorized annually by the Town Council. Annual budgets are not adopted for any major special revenue funds and, accordingly, are not included in the basic financial statements as permitted by accounting principles generally accepted in the United States of America.

In accordance with the Town Charter, Section 708, the Town uses the following procedures in establishing the budgetary data included in the basic financial statements:

Prior to the second Monday in April, the Town Manager submits to the Town Council a proposed operating budget for the General Fund for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. On the third Monday in April, a public hearing is conducted to obtain taxpayers' comments. Prior to the 15th of May, the budget is legally adopted and a rate of taxation is set.

No department or board may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated. However, upon approval of the Director of Finance and the Town Manager, transfers from one budgetary line item to another may be made within a department or major division. The Board of Education has a similar budgetary control system with approval of such transfers by the Board of Education Business Manager. In addition, under Section 709 of the Town Charter, the Town Council may, by resolution, transfer monies from the contingency account to other line items at any time during the fiscal year and may transfer from any account during the last three months of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the activity level. All unencumbered appropriation balances lapse at the end of the fiscal year for which they were made, except

that an appropriation made for a capital outlay does not lapse until the project for which the appropriation was made has been accomplished or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

Special revenue funds are administered in the same manner as the General Fund, except that the level of control for these funds is extended to encompass budget variations for expenditures insofar as projected revenues fluctuate within a fiscal period.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis fund balance is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are included in either restricted, committed or assigned fund balance depending on the level of restriction.

There were no supplemental budgetary appropriations from fund balance made during the year.

B. Deficit Fund Equity

For the year ended June 30, 2014, the following fund had a deficit fund balance:

Capital Projects	\$ 4,500,934
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The deficit in the capital projects fund will be funded by proceeds from the sale of bonds, and state grants.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations.

Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$19,251,884 of the Town’s bank balance of \$20,385,383 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,284,080
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,967,804</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 19,251,884</u></u>

Cash Equivalents

At June 30, 2014, the Town’s cash equivalents amounted to \$5,990,746. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
People’s Bank Cash Management Assets	*

*Not rated

Investments

As of June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
			<u>Less Than 1</u>	<u>1-10</u>
Certificates of deposit	N/A	\$ 60,484	\$ 60,484	\$
Other investments:				
Mutual funds		95,806,469		
Total Investments		\$ 95,866,953		

Interest Rate Risk - The Town's investment policy states that the Town's portfolio be structured so that securities mature to meet the Town's cash requirements, thereby avoiding the need to sell securities on the open market prior to their maturity. The Town invests primarily in shorter-term securities unless it is anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements.

The Town also has, for the Pension Trust Funds, an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Investment Policy (described in the preceding paragraph) further limits its investment choices. The Town's interest-bearing investments consist of U.S. Government guaranteed obligations that are not subject to rating.

The Pension Committee's investment benchmark for large capitalization companies is the S&P 500 Index and Russell 1000, and for small capitalization companies the benchmark is the Russell 2000. The benchmark for international equities is the Morgan Stanley EAFE Index and for fixed income is the Lehman Brothers Aggregate Index.

Concentration of Credit Risk - The Town's Investment Policy states investments are limited to low-risk securities in anticipation of earning a fair return relative to the risk being assumed, and sets forth that no more than 40% of the total may be invested with one institution.

The Pension Investment Policy Statement sets forth the following asset allocation targets: Domestic Equities 30% - 70%; International Equities 10% - 20%; Fixed Income 15% - 35%; and Short-Term Fixed Income 7.5% - 17.5%.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2014, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 2,079,023	\$ 7,330	\$	\$ 2,086,353
Accounts and other*	112,618	8,332	819,394	940,344
Intergovernmental		814,679	465,364	1,280,043
Gross receivables	<u>2,191,641</u>	<u>830,341</u>	<u>1,284,758</u>	<u>4,306,740</u>
Less allowance for uncollectibles	(169,000)			(169,000)
Net Total Receivables	<u>\$ 2,022,641</u>	<u>\$ 830,341</u>	<u>\$ 1,284,758</u>	<u>\$ 4,137,740</u>

*Does not include accrued interest on property taxes of \$1,124,603.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 7,697,283	\$	\$	\$	\$ 7,697,283
Property rights	200,000				200,000
Construction in progress	7,880,249	15,445,211	(789,836)	12,224	22,547,848
Total capital assets not being depreciated	<u>15,777,532</u>	<u>15,445,211</u>	<u>(789,836)</u>	<u>12,224</u>	<u>30,445,131</u>
Capital assets being depreciated:					
Buildings	86,438,151	185,120	(15,000)		86,608,271
Improvements other than buildings	5,148,874	117,194			5,266,068
Rolling equipment	9,910,442	763,803	(470,947)		10,203,298
Furniture and equipment	11,374,544	307,935	(171,375)		11,511,104
Infrastructure	31,171,447	852,607			32,024,054
Total capital assets being depreciated	<u>144,043,458</u>	<u>2,226,659</u>	<u>(657,322)</u>	<u>-</u>	<u>145,612,795</u>
Less accumulated depreciation for:					
Buildings	31,374,102	1,785,526	(1,500)		33,158,128
Improvements other than buildings	1,520,105	221,057			1,741,162
Rolling equipment	6,235,527	800,694	(343,287)		6,692,934
Furniture and equipment	10,059,913	188,820	(171,375)		10,077,358
Infrastructure	19,414,659	324,746			19,739,405
Total accumulated depreciation	<u>68,604,306</u>	<u>3,320,843</u>	<u>(516,162)</u>	<u>-</u>	<u>71,408,987</u>
Total capital assets being depreciated, net	<u>75,439,152</u>	<u>(1,094,184)</u>	<u>(141,160)</u>	<u>-</u>	<u>74,203,808</u>
Governmental Activities Capital Assets, Net	<u>\$ 91,216,684</u>	<u>\$ 14,351,027</u>	<u>\$ (930,996)</u>	<u>\$ 12,224</u>	<u>\$ 104,648,939</u>

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

Governmental activities:		
Public safety	\$	708,724
Public works		733,899
Recreation and parks		315,401
General government		217,643
Education		1,345,176
		<hr/>
Total Depreciation Expense - Governmental Activities	\$	<u><u>3,320,843</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. At year end, the Town's commitments are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Cottone Field Lights	\$ 307,328	\$ 14,327
Marsh Street - Wood Rails	154,340	2,500
ADA Detection Panels Townwide	16,388	25,863
Silas Deane Highway Streetscape	242,736	31,206
Town Wide Generators	19,829	4,771
Highcrest School Parking Lot		317,000
Trivet Lane/Dorlen Circle/Amato Circle Drainage	66,377	5,066
Emerson Williams Pipe Repair	42,815	2,635
Wethersfield High School Renovations	13,394,634	57,629,500
Fire Truck	193,412	572,834
Town Wide Radio System	3,013,111	788,666
Jordan Lane Reconstruction	331,606	17,442
CNEF Road Levy Fund	1,663,682	132,086
	<hr/>	<hr/>
Total	\$ <u><u>19,446,256</u></u>	\$ <u><u>59,543,895</u></u>

The commitments are being financed with General Fund and Capital Projects Fund appropriations and state and federal grants.

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

The composition of interfund balances, which represent temporary activity and budgetary policies, as of June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 7,745,501
	Nonmajor Governmental Funds	170,477
	Fiduciary Funds	405,567
		<u>8,321,545</u>
		<u>\$ 8,321,545</u>

Interfund transfers are a result of the funding of capital projects through the budgetary process and nonrecurring supplemental appropriations of revenue to other funds. The transfers that occurred during the year are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 2,230,985	\$ 54,100	\$ 2,285,085
Capital Project Fund	53,429			53,429
Nonmajor Governmental Funds	70,000			70,000
Total Transfers In	<u>\$ 123,429</u>	<u>\$ 2,230,985</u>	<u>\$ 54,100</u>	<u>\$ 2,408,514</u>

7. LEASES

Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of rolling equipment, fire apparatus and police communications equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The gross amounts of assets acquired under capital leases, by major asset class, are shown below:

Construction in Progress	\$ 3,600,000
Vehicles	2,544,755
Less accumulated depreciation	<u>(1,253,436)</u>
Total	<u>\$ 4,891,319</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 841,066
2016	591,278
2017	527,338
2018	527,338
2019-2024	2,266,228
Total minimum lease payments	<u>4,753,248</u>
Less amount representing interest	<u>(438,196)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 4,315,052</u></u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 24,290,000	\$	\$ 2,255,000	\$ 22,035,000	\$ 2,245,000
Premium on general obligation bonds	1,511,128		147,469	1,363,659	
Total bonds payable	<u>25,801,128</u>	<u>-</u>	<u>2,402,469</u>	<u>23,398,659</u>	<u>2,245,000</u>
Capital leases	1,122,658	3,822,567	630,173	4,315,052	748,121
Notes payable	725,000		70,000	655,000	75,000
Net OPEB obligation	8,164,972	6,103,889	2,511,928	11,756,933	
Compensated absences	1,992,420	363,112	38,706	2,316,826	845,474
Risk management liability	920,306	6,670,020	6,891,444	698,882	438,762
Governmental Activities					
Long-Term Liabilities	<u>\$ 38,726,484</u>	<u>\$ 16,959,588</u>	<u>\$ 12,544,720</u>	<u>\$ 43,141,352</u>	<u>\$ 4,352,357</u>

For the governmental activities, OPEB and compensated absences are generally liquidated by the General Fund.

General Obligation Bonds

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2014</u>
General obligation bonds	03/15/03	\$ 8,970,000	2.5-3.4%	8/15/2022	\$ 80,000-720,000	\$ 235,000
General obligation bonds	06/15/05	15,000,000	3.0-5.0%	8/15/2025	785,000-790,000	790,000
General obligation bonds	05/15/09	6,855,000	2.5-4.5%	8/15/2028	275,000-405,000	4,505,000
General obligation bonds	06/15/10	12,010,000	3.0-5.0%	7/15/2022	125,000-790,000	10,470,000
General obligation bonds	08/01/12	6,170,000	2.0-3.0%	8/15/2024	25,000-1,005,000	6,035,000
Total Outstanding						\$ 22,035,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,245,000	\$ 823,618	\$ 3,068,618
2016	1,990,000	737,437	2,727,437
2017	2,015,000	660,375	2,675,375
2018	1,995,000	582,250	2,577,250
2019	2,120,000	494,588	2,614,588
2020-2024	8,895,000	1,249,512	10,144,512
2025-2029	2,775,000	221,756	2,996,756
Total	\$ 22,035,000	\$ 4,769,536	\$ 26,804,536

General Obligation Serial Notes

On September 1, 2011, the Town issued a General Obligation Serial Note in the amount of \$795,000 to cover the costs of school construction. The note bears interest at 2.67% and matures on September 1, 2021.

Annual debt service requirements to maturity for general obligation serial notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 75,000	\$ 16,487	\$ 91,487
2016	75,000	14,485	89,485
2017	80,000	12,416	92,416
2018	80,000	10,280	90,280
2019	85,000	8,077	93,077
2020-2022	260,000	10,547	270,547
Total	\$ 655,000	\$ 72,292	\$ 727,292

Authorized But Unissued

The total of authorized but unissued bonds at June 30, 2014 is \$76,652,082. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Prior Year Defeasance of Debt

In prior years, the government defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. The balance in escrow was \$9,305,299 at June 30, 2014. The outstanding balance of the defeased bonds at June 30, 2014 is \$9,090,000.

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 177,399	\$ 15,745	\$ 161,654
Schools	354,798	83,551	271,247
Sewers	295,665	50,769	244,896
Urban renewal	256,243		256,243
Pension deficit	236,532		236,532

Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$50.8 million or 7.81% of the District debt.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$551.9 million).

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 21,433	\$ 21,433
Restricted for:				
General government			20,161	20,161
Operation of school lunch program			77,228	77,228
Public safety grants			274,322	274,322
Park improvements			21,232	21,232
Community or economic development			2,482	2,482
Social and youth services			344,872	344,872
Radio System Improvement and Reconfiguration		788,666		788,666
Housing rehabilitation			166,034	166,034
Committed to:				
Infrastructure improvements		2,162,365		2,162,365
Operation of school lunch program			204,182	204,182
Building improvements		463,176		463,176
Drainage System Improvements		362,812		362,812
Energy Efficiency Improvements		29,017		29,017
Public Works Trucks		78,117		78,117
Property Revaluation		74,397		74,397
Community Development		109,468	14,209	123,677
Tree Service		7,410		7,410
Maintenance & Improvement of Town Parks		332,322	139,771	472,093
Public Safety - Vehicles		6,606		6,606
Radio System Improvement and Reconfiguration		504,708		504,708
Fire Safety Equipment		8,019		8,019
Technology System Upgrades		132,791		132,791
Road Improvements		838,196		838,196
Operation & Maintenance of Town Facilities			132,669	132,669
Land preservation			599,590	599,590
Economic & Business Development			85,832	85,832
Parks and Recreations Programs			789,142	789,142
Police Traffic Duty			241,364	241,364
Public Safety			5,754	5,754
Compensated absences	414,179			414,179
Assigned to:				
General government purchases on order	42,417			42,417
Public safety purchases on order	57,338			57,338
Public works purchases on order	146,297			146,297
Recreation purchases on order	1,000			1,000
Library purchases on order	2,410			2,410
Education purchases on order	277,371			277,371
Future budgets	600,000			600,000
Unassigned	10,247,688	(10,399,004)		(151,316)
Total Fund Balances	\$ 11,788,700	\$ (4,500,934)	\$ 3,140,277	\$ 10,428,043

Significant encumbrances were \$526,833 at June 30, 2014 and are contained in the above table in the assigned category of the General Fund.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2014, 2013 or 2012.

Heart and Hypertension

The Town is exposed to risk of loss for claims from police officers, hired before 1995, who incur hypertension or heart problems as a result of work conditions. The Town accounts for this activity through use of an internal service fund, which is funded by transfers from the General Fund. An analysis of the claims liability is as follows:

	Accrued Liability Beginning of Fiscal Year		Current Year Claims Paid and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2013-14	\$ 458,626	\$	126,850	\$	(320,356)	\$	265,120
2012-13	486,646		71,193		(99,213)		458,626

Medical Self-Insurance

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims in excess of 125% of expected claim payments in the aggregate and over \$100,000 per individual, per year.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2014 of \$433,762.

Premium payments are reported as interfund services provided and used for the General Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the years ended June 30, 2014 and 2013, is presented below:

	Accrued Liability Beginning of Fiscal Year		Current Year Claims Paid and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2013-14	\$ 461,680	\$	6,764,594	\$	(6,792,512)	\$	433,762
2012-13	475,606		6,456,246		(6,470,172)		461,680

Interlocal Risk Pool

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town participates in CIRMA's Workers' Compensation Pool, a risk-sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period 2013-2014 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2013-2014 was \$553,667. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured.

11. CONTINGENT LIABILITIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by Town management and counsel to result in a judgment or judgments that would have a material adverse effect on the Town's financial position.

12. EMPLOYEE RETIREMENT PLANS

A. Plan Description

The Town is the administrator of a single-employer pension plan (the Plan) established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Employee and employer obligations to contribute to the Plan are established and may be amended by the Town. The Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. A stand-alone financial report is not prepared for the Plan.

Management of the Plan rests with the Pension Committee, which consists of thirteen members, comprised of one representative from each collective bargaining unit/employee group, and the Mayor, Town Manager and Treasurer, who are ex-officio members.

At July 1, 2013, plan membership consisted of the following:

Retirees, disabled individuals and beneficiaries currently receiving benefits	221
Terminated employees entitled to benefits, but not yet receiving them	50
Current employees	335
	<hr/>
Total	606
	<hr/>

B. Summary of Significant Accounting Policies

Basis of Accounting - Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are due pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Investment income is recognized as earned.

C. Pension Contributions

	<u>Contribution as of 7/1/12</u>	<u>Contribution as of 7/1/13</u>	<u>Closed to New Employees*</u>
Police-IBPO Local 391	7.5%	7.5%	n/a
Public Works-AFSCME Local 1303-40	3.5%	4.0%	7/1/10
Town Hall/Dispatchers-AFSCME Local 1303-408	3.5%	4.0%	7/1/11
Town Supervisors-AFSCME Local 818	3.5%	4.0%	7/1/11
Library Supervisors-CILU Local 222 81-4081	3.5%	4.0%	7/1/12
Library Non-Supervisors-CILU Local 222 81-4082	3.5%	4.0%	7/1/12
BOE Secretarial/Clerical/Para.-CSEA/SEIU Local 2001, CTW	6.0%	6.0%	7/1/12
BOE Custodian and Maint.-CSEA/SEIU Local 2001, CTW	5.0%	5.0%	8/1/12
School Nurses-AFL-CIO	5.0%	5.0%	7/1/12
BOE Unaffiliated Group	5.0%	5.0%	10/1/12
Town Administrative Group	3.0%	3.0%	7/1/11

*New employees are eligible for a 401(a) Defined Contribution Plan, which was established by the Town in December 2010.

The Town is required to contribute the amount necessary to finance the benefits for its employees. For fiscal year ended June 30, 2014, the Town's required contribution was \$2,091,860, which represents 11.60% of covered payroll of \$18,036,168.

Administrative costs of the Plan are financed through investment earnings.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Committee's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash/Short-Term Fixed Income	12.50 %
Core Fixed Income	22.50
Large Cap US Equities	45.00
Small Cap US Equities	5.00
Developed Foreign Equities	15.00
	<hr/>
Total	100.00 %

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

Total pension liability	\$	93,191,852
Plan fiduciary net position		<u>84,850,085</u>
Net Pension Liability	\$	<u><u>8,341,767</u></u>
Plan fiduciary net position as a percentage of total pension liability		91.05%

The Town’s net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Service graded
Investment rate of return	7.625%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality for Employees and Healthy Annuitants with generational projection per Scale AA; RP-2000 Mortality for Disabled Annuitants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2014 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash/Short-Term Fixed Income	0.50 %
Core Fixed Income	2.20
Large Cap US Equities	5.86
Small Cap US Equities	7.64
Developed Foreign Equities	6.29

Discount Rate: The discount rate used to measure the total pension liability was 7.625%. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.625%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.625%) or 1 percentage point higher (8.625%) than the current rate:

	<u>1% Decrease (6.625%)</u>	<u>Current Discount Rate (7.625%)</u>	<u>1% Increase (8.625%)</u>
Net Pension Liability	\$ 19,307,055	\$ 8,341,767	\$ (1,003,930)

D. Annual Pension Cost and Net Pension Asset

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension asset for the year ended June 30, 2014 are as follows:

Annual required contribution	\$ 2,091,860
Interest on net pension obligation	(7,873)
Adjustment to annual required contribution	6,681
Annual pension cost	<u>2,090,668</u>
Contributions made	2,091,887
Increase in net pension asset	<u>(1,219)</u>
Net pension asset - beginning of year	<u>(101,587)</u>
Net Pension Asset - End of Year	<u><u>\$ (102,806)</u></u>

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
06/30/12	\$ 1,577,689	\$ 1,579,090	100%	\$ (100,269)
06/30/13	1,820,673	1,821,991	100%	(101,587)
06/30/14	2,090,668	2,091,887	100%	(102,806)

State of Connecticut Teachers' Retirement System

All Town teachers participate in the State of Connecticut Teacher's Retirement System, a cost-sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$24,647,733.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2014, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$6,178,042 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

13. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town and Board of Education provide postretirement benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The plan is a single employer defined benefit plan. The Town does not issue stand-alone financial statements for this program.

At July 1, 2013, plan membership consisted of the following:

	Town Plan	Board of Education Plan
Active plan members	143	390
Retired members	101	268
Spouses of retired members	64	32
Total Participants	<u>308</u>	<u>690</u>

B. Funding Policy

The Town's funding and payment of postemployment benefits were accounted for in the Retiree Health Fund on a pay-as-you-go basis. As of June 30, 2013, the Town has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which require the reporting of a trust fund in accordance with GASB guidelines. The Retiree Health Fund was combined into the OPEB Trust Fund effective July 1, 2012. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

Police employees are required to contribute 1.5% of monthly earnings. AFSCME Local 1303-40 are required to contribute 2.0%, but those employees hired after July 1, 2010 are not eligible. Employees of AFSCME Local 1303-408 are required to contribute 2%. AFSCME Local 818 is required to contribute 2%, but those hired after July 1, 2008 are not eligible. Employees of CILU Local 222 81-4081 Library Supervisors and Local 222 81-4082 Library Non-Supervisors are required to contribute 2.5%. Employees of the Town Administrative Group are required to contribute 2%.

C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	Town and BOE Retiree Benefit Plan
Annual required contribution (ARC)	\$ 6,029,000
Interest on net OPEB obligation	530,723
Adjustment to annual required contribution	(455,834)
Annual OPEB cost	<u>6,103,889</u>
Contributions made	<u>2,511,928</u>
Increase in net OPEB obligation	<u>3,591,961</u>
Net OPEB obligation - beginning of year	<u>8,164,972</u>
Net OPEB Obligation - end of year	<u><u>\$ 11,756,933</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2014 through June 30, 2012 are presented below.

<u>Year Ended</u>	<u>OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation</u>
06/30/12	\$ 6,318,679	\$ 2,565,648	40.60 %	\$ 11,353,888
06/30/13	5,730,970	8,919,886	155.64	8,164,972
06/30/14	6,103,889	2,511,928	41.15	11,756,933

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year, decreasing amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 7.625% interest rate, annual payroll growth rate of 4.0% and an initial inflation rate of 6.8% with an ultimate inflation rate of 4.7% over 70 years. The actuarial value of assets was determined using the closed group method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (a-b)/c)
07/01/09	\$ -	\$ 63,878,000	\$ (63,878,000)	0.0%	\$ N/A	N/A
07/01/11	-	65,521,000	(65,521,000)	0.0%	37,651,000	-174.02%
07/01/13	6,441,315	56,829,797	(50,388,482)	11.3%	36,696,257	-137.31%

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Property taxes, interest and lien fees	\$ 77,393,254	\$ 77,393,254	\$ 78,321,007	\$ 927,753
Intergovernmental revenues:				
State of Connecticut - General Government	889,469	889,469	1,061,236	171,767
State of Connecticut - Board of Education	8,698,295	8,698,295	8,595,570	(102,725)
Total intergovernmental revenues	<u>9,587,764</u>	<u>9,587,764</u>	<u>9,656,806</u>	<u>69,042</u>
Licenses, fees and permits:				
Engineering	9,500	9,500	6,125	(3,375)
Town Clerk	4,000	4,000	3,284	(716)
Transfer station	25,000	25,000	27,353	2,353
Police	13,000	13,000	13,251	251
Building inspections	255,100	255,100	602,449	347,349
Total licenses, fees and permits	<u>306,600</u>	<u>306,600</u>	<u>652,462</u>	<u>345,862</u>
Charges for services:				
Town Clerk	370,000	370,000	358,705	(11,295)
Police	71,900	71,900	71,456	(444)
Recreation and parks	171,500	171,500	179,725	8,225
Rents			12,900	12,900
Library	19,000	19,000	19,499	499
Community Center	43,100	43,100	43,225	125
Refuse disposal	44,000	44,000	43,000	(1,000)
Youth Service Counseling	750	750		(750)
White goods pickup	4,000	4,000	3,580	(420)
False alarms	34,000	34,000	34,760	760
Dial-A-Ride membership	20,300	20,300	21,307	1,007
Computer services	1,500	1,500	1,976	476
Cell tower rental fees	236,595	236,595	241,561	4,966
Returned check fee	2,200	2,200	1,236	(964)
Tree services	20,000	20,000	18,223	(1,777)
Total charges for services	<u>1,038,845</u>	<u>1,038,845</u>	<u>1,051,153</u>	<u>12,308</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fines and penalties	\$ 31,700	\$ 31,700	\$ 41,708	\$ 10,008
Interest on investments	100,000	100,000	60,476	(39,524)
Other revenues	107,689	107,689	177,181	69,492
Transfers in			53,429	53,429
Appropriation of Fund Balance	300,000	300,000		(300,000)
Total	\$ 88,865,852	\$ 88,865,852	90,014,222	\$ 1,148,370

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

6,178,042

Compensated absences fund not budgeted for (combined for GASB 54)

794

State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes

1,484,892

Other State of Connecticut grants netted for budgetary purposes

19,550

Net tuition amounts for the Board of Education

256,189

Encumbrances outstanding at June 30, 2013, cancelled during the year ended June 30, 2014

(12,677)

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

\$ 97,941,012

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Town Council	\$ 99,145	\$ 89,518	\$ 89,518	\$ -
Town Manager	418,727	420,103	420,103	-
Town Attorney	100,000	233,280	233,280	-
Town Clerk	257,811	238,253	238,253	-
Registrar of Voters	129,971	87,065	87,065	-
Town Treasurer	3,648	3,047	3,047	-
Finance/Accounting	563,931	559,400	549,400	10,000
Employee Benefits	1,484,272	1,419,272	1,419,272	-
Information processing	510,074	393,514	393,514	-
Tax collection	240,560	241,073	241,073	-
Assessment	336,366	329,728	329,728	-
Central office services	216,774	214,797	214,797	-
Probate court	32,541	32,328	32,328	-
Economic Development	300,592	282,662	282,662	-
Building Inspection	407,205	367,517	367,517	-
Total general government	<u>5,101,617</u>	<u>4,911,557</u>	<u>4,901,557</u>	<u>10,000</u>
Public Safety:				
Police	8,371,366	8,107,297	8,107,297	-
Fire suppression	685,388	646,004	646,004	-
Fire Marshal	138,730	147,526	147,526	-
Town wide radio system	365,535	203,500	203,500	-
Emergency Medical Services	21,530	21,113	21,113	-
Total public safety	<u>9,582,549</u>	<u>9,125,440</u>	<u>9,125,440</u>	<u>-</u>
Public Works:				
Engineering	701,725	699,040	698,638	402
Physical services	7,335,361	7,651,603	7,651,603	-
Total public works	<u>8,037,086</u>	<u>8,350,643</u>	<u>8,350,241</u>	<u>402</u>
Social Services:				
Tri-Town Health District	125,176	125,176	125,176	-
Social and youth services	683,260	642,084	642,084	-
Total social services	<u>808,436</u>	<u>767,260</u>	<u>767,260</u>	<u>-</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Library	\$ 1,802,975	\$ 1,785,578	\$ 1,785,149	\$ 429
Recreation and Parks	1,622,982	1,586,803	1,584,881	1,922
Contingency	340,000			-
Insurance	648,227	619,257	619,257	-
Metropolitan District Commission	2,932,082	2,829,570	2,829,570	-
Debt Service:				
Principal retirement	2,325,000	2,325,000	2,325,000	-
Interest	911,243	911,243	911,243	-
Bond issuance cost	142,696			-
Total debt service	3,378,939	3,236,243	3,236,243	-
Board of Education:				
General expenditures	53,098,059	53,098,059	53,072,660	25,399
Total expenditures	87,352,952	86,310,410	86,272,258	38,152
Other Financing Uses:				
Transfers out	1,512,900	2,555,442	2,555,442	-
Total	\$ 88,865,852	\$ 88,865,852	88,827,700	\$ 38,152
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			6,178,042	
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes			1,484,892	
Other State of Connecticut grants netted for budgetary purposes			19,550	
Compensated absences fund not budgeted for (combined for GASB 54)			(39,592)	
Net tuition amounts for the Board of Education			256,189	
Encumbrances outstanding at June 30, 2013, liquidated during the year ended June 30, 2014			391,529	
Encumbrances outstanding at June 30, 2014			(484,416)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 96,633,894	

TOWN OF WETHERSFIELD, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 1,902,067
Interest	6,770,841
Effect of economic/demographic gains	53,656
Benefit payments, including refunds of member contributions	<u>(4,773,442)</u>
Net change in total pension liability	3,953,122
Total pension liability - beginning	<u>89,238,730</u>
Total pension liability - ending	<u>93,191,852</u>
Plan fiduciary net position:	
Contributions - employer	2,091,887
Contributions - member	1,008,558
Net investment income	12,776,568
Benefit payments, including refunds of member contributions	(4,773,442)
Administrative expense	<u>(101,329)</u>
Net change in plan fiduciary net position	11,002,242
Plan fiduciary net position - beginning	<u>73,847,843</u>
Plan fiduciary net position - ending	<u>84,850,085</u>
Net Pension Liability - Ending	<u>\$ 8,341,767</u>
Plan fiduciary net position as a percentage of the total pension liability	91.05%
Covered-employee payroll	\$ 18,036,168
Net pension liability as a percentage of covered-employee payroll	46.25%

TOWN OF WETHERSFIELD, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 2,091,860	\$ 1,821,991	\$ 1,579,090	\$ 1,494,228	\$ 1,204,694	\$ 1,193,687	\$ 1,146,403	\$ 982,985	\$ 782,508	\$ 595,859
Contributions in relation to the actuarially determined contribution	<u>2,091,887</u>	<u>1,821,991</u>	<u>1,579,090</u>	<u>1,494,228</u>	<u>1,204,694</u>	<u>1,193,687</u>	<u>1,146,403</u>	<u>982,985</u>	<u>745,694</u>	<u>596,661</u>
Contribution Deficiency (Excess)	\$ <u>(27)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>36,814</u>	\$ <u>(802)</u>
Covered-employee payroll	\$ 18,036,168	\$ 18,055,698	\$ 17,616,312	\$ 17,170,206	\$ 16,559,221	\$ 15,914,306	\$ 14,770,383	\$ 13,775,647	\$ 13,007,309	\$ 11,972,697
Contributions as a percentage of covered-employee payroll	11.60%	10.09%	8.96%	8.70%	7.28%	7.50%	7.76%	7.14%	5.73%	4.98%

Notes to Schedule

Valuation date: July 1, 2013
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age
 Amortization method: Level percentage of payroll, closed
 Remaining amortization period: 26 years for town and BOE, 21 years for Police
 Asset valuation method: 5-year smoothed market
 Inflation: 2.75%
 Salary increases: Service Graded
 Investment rate of return: 7.625%, net of pension plan investment expense, including inflation
 Retirement age: Varies by age and service
 Mortality: RP-2000 Mortality for Employees and Healthy Annuitants with generational projection per Scale AA; RP-2000 Mortality for Disabled Annuitants

TOWN OF WETHERSFIELD, CONNECTICUT

SCHEDULE OF INVESTMENT RETURNS

LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

17.44%

APPENDIX B- OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

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

The opinion of Day Pitney LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Wethersfield
Wethersfield, Connecticut

We have represented the Town of Wethersfield, Connecticut as Bond Counsel in connection with the issuance by the Town of \$22,000,000 General Obligation Bonds, Issue of 2014, dated as of December 11, 2014.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Wethersfield is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that 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 heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for Federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for Federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt “private activity bonds” is treated as a preference item. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not “private activity bonds” so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation’s alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations”. The bonds will not be “qualified tax-exempt obligations” for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for

purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

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

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the Federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

ORIGINAL ISSUE PREMIUM

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Bonds ultimately will be sold to the public. An owner who purchases a Bond with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a the Bond who bought the Bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

GENERAL.

Bond Counsel has 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. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. For example, on September 13, 2011, S.B. 1549, the “American Jobs Act of 2011” (the “Jobs Act”), was introduced into the United States Senate, which legislation, if enacted as introduced, would have subjected to federal income taxation a portion of the interest on all tax-exempt bonds (including the Bonds) received for taxable years beginning on or after January 1, 2013 by certain individuals with incomes above specified limits. The Jobs Act was not enacted; however, on February 13, 2012, President Obama released his fiscal 2013 Federal budget request, which includes a proposal to cap at 28% the value of tax preferences, including tax-exempt interest for municipal bonds. No assurance can be given that Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds are advised to consult their tax advisors regarding the potential tax consequences of proposed Federal or State of Connecticut tax legislation affecting municipal bonds..

The information above does not purport to deal with all aspects of Federal or State of Connecticut taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds (“Agreement”) is made as of December 11, 2014 by the Town of Wethersfield, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$22,000,000 General Obligation Bonds, Issue of 2014, dated as of December 11, 2014 (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Issuer dated December 3, 2014 prepared in connection with the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2014) as follows:

(i) Financial statements of the Issuer’s general fund and, any special revenue, capital projects, permanent enterprise, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer’s taxable valuation thereon,

- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall, 505 Silas Deane Highway, Wethersfield, Connecticut 06109.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) 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 of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the 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 provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. 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.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF WETHERSFIELD

By _____
Jeffrey K. Bridges, Jr.
Town Manager

By _____
Harry L. Lichtenbaum
Treasurer

APPENDIX D - NOTICE OF SALE AND PROPOSAL FOR BONDS

NOTICE OF SALE
\$22,000,000
Town of Wethersfield, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Wethersfield, Connecticut at Day Pitney LLP, Bushnell Conference Room, 242 Trumbull Street, Hartford, Connecticut, until **11:00 A.M. Eastern Time on WEDNESDAY,**

DECEMBER 3, 2014

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$22,000,000 General Obligation Bonds, Issue of 2014
Payable annually on September 1 as follows:

\$1,100,000 in 2015 to 2034

The Bonds will be dated December 11, 2014, with interest payable on March 1, 2015 and thereafter semiannually on each September 1st and March 1st.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book Entry. 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 Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will 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 Town as of the close of business on the record date preceding each interest payment date. The record dates will be the fifteenth day of February and August (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing on September 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after September 1, 2024, either in whole at any time or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
September 1, 2024 and thereafter	100.0%

Proposals. 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 or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) 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 to the Town, as described under “Basis of Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids.

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®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town 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 Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town 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 Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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

directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the 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 of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to December 11, 2014, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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 Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (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 Town 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 Town 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. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) 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 interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. The Bonds will *not* be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

Official Statement. The Town of Wethersfield has prepared a preliminary Official Statement for the Bond issue which is dated November 21, 2014. The Town deems such preliminary 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 purchaser 50 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Public Financial Management, Inc., Providence, Rhode Island, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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 the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. 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 Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.** The successful bidder may specify that the Bonds as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about December 11, 2014 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. William J. Fazioli, Public Financial Management, Inc., 10 Weybosset Street, Providence, Rhode Island 02903 (telephone: (401) 709-5112) or from Mr. Michael O'Neil, Finance Director, Town of Wethersfield, Town Hall, 505 Silas Deane Highway, Wethersfield, Connecticut 06109 (telephone: (860) 721-2863).

JEFFREY K. BRIDGES, JR.,
Town Manager

HARRY L. LICHTENBAUM,
Treasurer

November 21, 2014

PROPOSAL FOR BONDS

December 3, 2014

Mr. Michael O'Neil
 Finance Director
 Town of Wethersfield
 c/o Day Pitney LLP
 Bushnell Conference Room
 242 Trumbull Street
 Hartford, Connecticut 06103

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated November 21, 2014 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$22,000,000 General Obligation Bonds, Issue of 2014, of the Town of Wethersfield described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2015	\$1,100,000	____%	2025	\$1,100,000	____%
2016	\$1,100,000	____%	2026	\$1,100,000	____%
2017	\$1,100,000	____%	2027	\$1,100,000	____%
2018	\$1,100,000	____%	2028	\$1,100,000	____%
2019	\$1,100,000	____%	2029	\$1,100,000	____%
2020	\$1,100,000	____%	2030	\$1,100,000	____%
2021	\$1,100,000	____%	2031	\$1,100,000	____%
2022	\$1,100,000	____%	2032	\$1,100,000	____%
2023	\$1,100,000	____%	2033	\$1,100,000	____%
2024	\$1,100,000	____%	2034	\$1,100,000	____%

We acknowledge receipt of the Official Statement referred to in the Notice of Sale.

Name of Bidder: _____
 Address of Bidder: _____
 Signature of Officer or Authorized Agent of Bidder: _____
 Telephone Number: _____

The following is our computation of the percentage of true interest cost, made as provided in the above mentioned Notice of Sale, and certain other information, which is not part of the foregoing proposal.

Percent of True Interest Cost _____%
 (four decimals)

Gross Interest \$ _____

Accrued Interest from December 11, 2014 to December 11, 2014 \$ _____

Premium \$ _____