

## **NOTICE AND DISCLAIMER**

### **TOWN OF WOLCOTT, CONNECTICUT**

**\$4,590,000 General Obligation Bonds, Issue of 2016**  
**Dated: October 20, 2016      Due: October 15, 2017-33**  
**\$11,710,000 General Obligation Bond Anticipation Notes**  
**Dated: October 20, 2016      Due: October 19, 2017**

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The posting of this Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice. The availability of the Preliminary Official Statement on this Web site does not create any implication that there have been no changes in the affairs of the parties described in the Preliminary Official Statement or that the other information or opinions therein are correct as of any time subsequent to its date. Maintenance of the Preliminary Official statement on this Web site is not intended as a republication of the information therein on any date subsequent to the date set forth in the Preliminary Official Statement.

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**By choosing to download and view this electronic Preliminary Official Statement, you are acknowledging that you have read and understand this Notice and Disclaimer.**



October 3, 2016

**MEMORANDUM TO PROSPECTIVE BIDDERS**

**Re: TOWN OF WOLCOTT, CONNECTICUT  
\$4,590,000 General Obligation Bonds, Issue of 2016  
Tax Exempt, Book-Entry-Only  
Dated: October 20, 2016 Due: October 15, 2017-33**

**Date of Sale: Tuesday, October 11, 2016  
Time of Sale: 11:30 A.M. (EDT)**

As per the Notice of Sale, electronic bids via DALCOMP/PARITY for the Bonds will be accepted until 11:30 A.M. (EDT) **on Tuesday, October 11, 2016.**

**FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES INC.**



October 3, 2016

**MEMORANDUM TO PROSPECTIVE BIDDERS**

**Re: TOWN OF WOLCOTT, CONNECTICUT  
\$11,710,000 General Obligation Bond Anticipation Notes  
Tax Exempt, Book-Entry-Only  
Dated: October 20, 2016 Due: October 19, 2017**

**Date of Sale: Tuesday, October 11, 2016  
Time of Sale: 12:00 Noon (EDT)**

As per the Notice of Sale, bids are to be opened by Town Officials at FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, CT until 12:00 Noon (EDT) on Tuesday, October 11, 2016.

Electronic bids via DALCOMP/PARITY for the Notes will be accepted until 12:00 Noon (EDT). Telephone bids for the Notes will be accepted until 11:55 A.M. (EDT).

**Every effort will be made to deliver a telephone bid received after 11:55 A.M., but it will be solely the bidder's responsibility if such bid is not received by issuer officials in a timely manner.**

Arrangements have been made to assist with delivery of your bid for the above-mentioned Notes. Should you wish to submit a signed but incomplete bid form in advance of the sale, please direct your proposal to the attention of:

**Ms. Janette J. Marcoux  
Director  
FirstSouthwest, a Division of Hilltop Securities Inc.  
628 Hebron Avenue, Suite 306  
Glastonbury, Connecticut 06033**

**Telephone: 860-290-3000**

We ask that you submit your final figures by telephone at **860-290-3000** no later than **11:55 A.M. (EDT) on Tuesday, October 11, 2016.**

**FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES INC.**

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 3, 2016**

**NEW ISSUE**

**S&P GLOBAL RATINGS: 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"), based on existing law, interest on the Bonds and Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. Interest on the Bonds and Notes may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations, as described under Appendix B-1 "Form of Legal Opinion of Bond Counsel and Tax Exemption - Bonds" and Appendix B-2 "Form of Legal Opinion of Bond Counsel and Tax Exemption - Notes", herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

**TOWN OF WOLCOTT, CONNECTICUT**

**\$4,590,000 GENERAL OBLIGATION BONDS, ISSUE OF 2016**

**Dated: Date of Delivery**

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

Due October 15	Principal Amount	Coupon	Yield	CUSIP <sup>1</sup>	Due October 15	Principal Amount	Coupon	Yield	CUSIP <sup>1</sup>
2017	\$205,000			977623	2026	\$300,000			977623
2018	205,000			977623	2027	300,000			977623
2019	250,000			977623	2028	300,000			977623
2020	250,000			977623	2029	285,000			977623
2021	250,000			977623	2030	285,000			977623
2022	275,000			977623	2031	285,000			977623
2023	275,000			977623	2032	275,000			977623
2024	275,000			977623	2033	275,000			977623
2025	300,000								

**Electronic proposals via PARITY® for the Bonds will be received until 11:30 A.M. (EDT) on Tuesday, October 11, 2016 as described in the Notice of Sale for the Bonds.**

Interest on the Bonds will be payable on October 15, 2017 and semiannually thereafter on April 15 and October 15 in each year until maturity.

The Bonds are subject to redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.

**S&P GLOBAL RATINGS: SP-1+**

**\$11,710,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

**Dated: October 20, 2016**

**Due: October 19, 2017**

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
\$11,710,000			977623

**Sealed proposals and electronic proposals via PARITY® for the Notes will be received until 12:00 Noon (EDT) on Tuesday, October 11, 2016 at FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033 as described in the Notice of Sale for the Notes. Bidding information for submission as sealed proposals will be received by FirstSouthwest, a Division of Hilltop Securities Inc., the Town's financial advisor, acting as agent for the bidders, by telephone at 860-290-3000 until 11:55 A.M. (EDT) in order to ensure compliance with the 12:00 Noon (EDT) bid deadline.**

The Notes are not subject to redemption prior to maturity.

The Bonds and Notes will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds and Notes. Purchasers of the Bonds and Notes will not receive certificates representing their ownership interest in the Bonds and Notes. Principal of, redemption premium, if any, and interest on the Bonds and Notes will be payable by the Town or its agent to DTC or its nominee as registered owners of the Bonds and Notes. Ownership of the Bonds and Notes may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry-Only Transfer System" herein.

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

U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut will certify the Bonds and Notes and act as Registrar, Transfer Agent and Paying Agent for the Bonds and Notes.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to the Depository Trust Company, ("DTC") in New York, New York on or about October 20, 2016.

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

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

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the securities described in this Preliminary Official Statement in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**The Financial Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.**

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

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and Notes and may not be reproduced or used in whole or in part for any other purpose.

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

## BOND ISSUE SUMMARY

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

<b>Date of Sale:</b>	<b><u>Tuesday, October 11, 2016, 11:30 A.M. (EDT).</u></b>
<b>Location of Sale:</b>	FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.
<b>Issuer:</b>	Town of Wolcott, Connecticut (the "Town").
<b>Issue:</b>	\$4,590,000 General Obligation Bonds, Issue of 2016 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	April 15 and October 15 in each year until maturity or earlier redemption, commencing October 15, 2017.
<b>Principal Due:</b>	Serially, October 15, 2017 through 2033, as detailed on the cover page of this Official Statement.
<b>Purpose and Authority:</b>	The proceeds of the Bonds, along with General Fund monies, will be used to refund a portion of the Town's Bond Anticipation Notes maturing on October 20, 2016. The funds were utilized for various capital projects approved by the voters of the Town of Wolcott as described in "Use of Bond and Note Proceeds" herein.
<b>Redemption:</b>	The Bonds <b>are</b> subject to optional redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.
<b>Security:</b>	The Bonds will be general obligations of the Town of Wolcott, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Town received a credit rating of "AA", with a stable outlook from S&P Global Ratings ("S&P") on the Bonds. See "Rating" herein.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of dated date.
<b>Tax Exemption</b>	See Appendix B-1, "Form of Opinion of Bond Counsel and Tax Exemption - Bonds" herein.
<b>Bank Qualification:</b>	The Bonds <b>shall not</b> be designated 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 incurred to carry the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notices of the occurrence of certain listed events with respect to the Bonds but not in excess of ten (10) business days after the occurrence of the event, 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, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 <sup>rd</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Shipman & Goodwin LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 20, 2016 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions concerning the Official Statement should be directed to Susan E. Hale, Finance Officer, Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716. Telephone: 203-879-8100.
<b>Financial Advisor:</b>	FirstSouthwest, a Division of Hilltop Securities, Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Director, Telephone: 860-290-3003.

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The Preliminary Official Statement is available in electronic form only at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). For additional information please contact the Financial Advisor at [janette.marcoux@hilltopsecurities.com](mailto:janette.marcoux@hilltopsecurities.com).

## NOTE ISSUE SUMMARY

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

<b>Date of Sale:</b>	<b><u>Tuesday, October 11, 2016, 12:00 Noon (EDT).</u></b>
<b>Location of Sale:</b>	FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.
<b>Issuer:</b>	Town of Wolcott, Connecticut (the "Town").
<b>Issue:</b>	\$11,710,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	October 20, 2016.
<b>Interest Due:</b>	At maturity, October 19, 2017.
<b>Principal Due:</b>	At maturity, October 19, 2017.
<b>Purpose and Authority:</b>	The proceeds of the Notes, along with general fund monies, will be used to retire a portion of the Bond Anticipation Notes maturing on October 20, 2016 and to fund costs of issuance. The funds were used for various capital projects approved by the voters of the Town of Wolcott, as described in "Use of Bond and Note Proceeds" herein.
<b>Redemption:</b>	The Notes <b>are not</b> subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of Wolcott, Connecticut and the Town will pledge its full faith and credit to the payment of principal and interest on the Notes when due.
<b>Credit Rating:</b>	The Town received a credit rating of "SP-1+" from S&P Global Ratings ("S&P") on the Notes. See "Rating" herein.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of dated date.
<b>Tax Exemption:</b>	See Appendix B-2, "Form of Legal Opinion of Bond Counsel and Tax Exemption - Notes" herein.
<b>Bank Qualification:</b>	The Notes <b>shall not</b> be designated 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 incurred to carry the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely, but not in excess of ten (10) business days after the occurrence of the event, notices of the occurrence of certain listed events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 <sup>rd</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Shipman & Goodwin LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry form will be made to The Depository Trust Company on or about October 20, 2016 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions concerning the Official Statement should be directed to Susan E. Hale, Finance Officer, Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716. Telephone: 203-879-8100.
<b>Financial Advisor:</b>	FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Director, Telephone: 860-290-3003.

The Preliminary Official Statement is available in electronic form only at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). For additional information please contact the Financial Advisor at [janette.marcoux@hilltopsecurities.com](mailto:janette.marcoux@hilltopsecurities.com).



## **I. BOND AND NOTE INFORMATION**

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### **INTRODUCTION**

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Wolcott, Connecticut (the “Town”) in connection with the original sale of \$4,590,000 General Obligation Bonds, Issue of 2016 (the “Bonds”) and \$11,710,000 General Obligation Bond Anticipation Notes (the “Notes”), of the Town.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated October 3, 2016 have been furnished to prospective bidders. Reference is made to the Notices of Sale for the terms and conditions of the bidding on the Bonds and Notes.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all reference to the Bonds and Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and Notes and such proceedings.

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

FirstSouthwest, a Division of Hilltop Securities Inc. (“FirstSouthwest”) is engaged as Financial Advisor to the Town in connection with the issuance of the Bonds and Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds and Notes is contingent upon the issuance and delivery of the Bonds and Notes. FirstSouthwest cannot submit a bid for the Bonds and Notes, either independently or as a member of a syndicate organized to submit a bid for the Bonds and Notes. FirstSouthwest, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds and Notes or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic 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 is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B-1 “Form of Legal Opinion of Bond Counsel and Tax Exemption – Bonds” and Appendix B-2 “Form of Legal Opinion of Bond Counsel and Tax Exemption – Notes” herein), respectively and it makes no representation that it has independently verified the same.

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

### **DESCRIPTION OF THE BONDS**

The Bonds will be dated as of the date of delivery and will mature in annual installments on October 15 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in

denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable on October 15, 2017 and semiannually thereafter on April 15 and October 15 in each year until final maturity and will be payable to the registered owners of the Bonds as of the close of business on the last business day of March and September in each year. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York, (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar, and Transfer Agent for the Bonds will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut (email: [bhcorporatetrust@usbank.com](mailto:bhcorporatetrust@usbank.com)). The legal opinion on the Bonds will be rendered by Shipman and Goodwin LLP, in substantially the form set forth in Appendix B-1 to this Official Statement.

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

**OPTIONAL REDEMPTION**

The Bonds maturing on or before October 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after October 15, 2024, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued but unpaid, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
October 15, 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 not less than thirty (30) days prior to the redemption date to the registered owner of such Bonds at the address of such registered owner as the name shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee of The Depository Trust Company (“DTC”), is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

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

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or 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 a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation 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 or be the responsibility of the Town, the Registrar or Paying Agent.

## DESCRIPTION OF THE NOTES

The Notes will be dated October 20, 2016 and will be due and payable as to both principal and interest at maturity, on October 19, 2017. The Notes will be issued as fully-registered notes in denominations of \$5,000 or any integral multiples thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent, will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut 06103 (email: [bhcorporatetrust@usbank.com](mailto:bhcorporatetrust@usbank.com)). The legal opinion on the Notes will be rendered by Shipman & Goodwin LLP, in substantially the form set forth in Appendix B-2 to this Official Statement.

**The Notes are not subject to redemption prior to maturity.**

## BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Bonds and Notes is to be transferred and how the principal of, premium, if any, and interest on the Bonds and Notes are to be paid to and accredited by DTC while the Bonds and Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds and Notes, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds and Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds and Notes 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 and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and Notes 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 and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds and Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

### **DTC PRACTICES**

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

### **SECURITY AND REMEDIES**

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

Unless paid from other sources, the Bonds and Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

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

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

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and 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 and 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 by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the Town may seek relief only if, among other requirements, it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 of Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds, notes or other obligations.

### **QUALIFICATIONS FOR FINANCIAL INSTITUTIONS**

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

### **AVAILABILITY OF CONTINUING DISCLOSURE**

The Town of Wolcott prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited

financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into Continuing Disclosure Agreements with respect to the Bonds and Notes, substantially in the forms attached as Appendices C-1 and C-2 to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds and Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement, for the Bonds.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12. In the past five years, the Town has not failed to comply, in any material respect, with its undertakings in such agreements.

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

### AUTHORIZATION AND PURPOSE

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

### USE OF BOND AND NOTE PROCEEDS

The proceeds of the Bonds and Notes will be used to finance the following projects authorized by the Town:

Project	Bonding Authorization	Bonded/ Paydowns	BANs		The Notes	Authorized But Unissued
			Maturing 10/20/16	The Bonds		
Road Reconstruction Program - Phase I.....	\$9,187,424	\$7,285,000	\$2,002,424	\$1,902,424		\$0
Wolcott Schools Upgrades.....	1,800,000	270,000	1,620,000	1,530,000		-
Woodtick Road Waterline.....	162,685	55,000	126,185	107,685		-
Walking Trail at Scovill Reservoir.....	350,000	28,500	340,000	321,500		-
Fire Truck Purchase.....	499,891	75,000	449,891	424,891		-
Issuance Costs.....	325,000	21,500	321,500	303,500		-
Road Reconstruction Program (2014).....	10,526,462 *	200,000	10,526,462 *		\$10,326,462	-
Public Works Building.....	248,538 *		248,538 *		248,538	-
School Facilities Upgrades (2014).....	863,700		863,700		863,700	-
Issuance Costs (2014).....	271,300		96,300		271,300	\$0
<b>Total.....</b>	<b>\$24,235,000</b>	<b>\$7,935,000</b>	<b>\$16,595,000</b>	<b>\$4,590,000</b>	<b>\$11,710,000</b>	<b>\$0</b>

\*Reflects transfers approved by Town Council on August 16, 2016.

### RATING

The Town received a credit rating of “AA” from S&P Global Ratings (“S&P”) on the Bonds and “SP-1+” on the Notes.

The rating reflects only the views of the rating agency and an explanation of the significance of such rating may be obtained from S&P Global Ratings, 55 Water Street, 45<sup>th</sup> Floor, New York, New York 10041. There is no assurance that the rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by such rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse affect on the marketability or market price of the Town’s bonds or notes, including the Bonds and Notes.

Certain outstanding bonds of the Town are rated “A1” by Moody’s Investors Service, Inc.

## II. THE ISSUER



### DESCRIPTION OF THE TOWN

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

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

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

### FORM OF GOVERNMENT

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

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

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

## ECONOMIC DEVELOPMENT

The Town has a medical center which consists of a walk-in clinic of St. Mary's Hospital and houses 16 examination rooms, with 7 physicians, a dental practice and a sleep lab. A greenhouse located in the Town's industrial area and valued at \$800,000 provides high-end landscaping to malls and industrial parks. Tosun Road was completed with grant dollars for an approximate value of \$1,328,800. The Tosun Road project was expanded to include Town Line Road and Nutmeg Valley Road, which are in an industrial area, and is expected to positively impact future development. Town Line Road and Nutmeg Valley Road were funded with the proceeds of the Road Reconstruction Program. Reconstruction in this area included major road drainage improvements. The Long Swamp Road project was completed with ARRA funds for approximately \$489,000. Spindle Hill Road has been restructured with a Federal Grant of approximately \$422,000. Permits have been issued for upgrades and renovations for existing buildings and plazas. Housing subdivisions Pembroke Hill and Oaken Gate continue to be developed with approximately 30 units. The age-restricted development still under construction with RSK Development is almost completed. Age-targeted Heritage Hill (formerly known as Watercreek Estates) is currently filing permits monthly for new units to be built. Sixty-four single family dwellings are planned. The 4,500 square foot Cumberland Farms building on Meriden Road will be under construction soon. A new building, approximately 12,000 square foot, will take the place of the old Lily Lake Inn on Central Avenue with an estimated construction cost of \$1,300,000. The foundation permit was already taken out and the building permit should be processed within the next few weeks. The old Harold's Convenience Store at 1520 Wolcott Road is being remodeled with an addition to the back of the building and also the construction of a gas station on said property. Construction cost for this project is approximately \$500,000.

### PRINCIPAL TOWN OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Years of Service</u>	<u>Current Term</u>
Mayor.....	Thomas G. Dunn <sup>1</sup>	Elected	13 Years	2015-2017
Treasurer.....	Anthony J. Marino <sup>1</sup>	Elected	3 Years	2015-2017
Tax Collector.....	Darlene Tynan	Elected	3 Years	2015-2017
Town Clerk.....	Dolores C. Slater	Elected	11 Years	2014-2018
Superintendent of Schools.....	Dr. Tony Gasper	Appointed	1 Year	Under Contract
Assessor.....	Pamela K. Deziel	Council Hired	11 Years	Under Contract
Finance Officer.....	Susan E. Hale <sup>2</sup>	Council Hired	3 Months	Under Contract

<sup>1</sup> Previously served as a member of the Town Council.

<sup>2</sup> Previously served as Chief Accountant for 3 years.

Source: Town Officials.

## SUMMARY OF MUNICIPAL SERVICES

**Police Protection:** Full-time police protection and investigative services are provided by 24 officers and various administrative personnel under the direction of the Chief of Police. All officers receive training in law enforcement and criminal justice and are graduates of the Connecticut Municipal Police Academy. The Department operates the 911 emergency center telephone system for the Town.

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

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

**Public Works:** Wolcott's full-time Public Works Department is responsible for the maintenance and repair of Town roads and storm sewers as well as paving, plowing, and sanding operations. The Department's equipment is



replaced under the Town's equipment replacement program. A \$9.0 million Road Reconstruction Program was approved by the voters in 2011; a second Road Reconstruction Program in the amount of \$10.5 million was approved at referendum in May, 2014. To date, 163 roads for 59.47 miles have been reconstructed, resurfaced or repaired. Approximately 40 miles have received crack seal maintenance.

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

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

Under the Service Contract, the Town is required to deliver or cause to be delivered to the Facility acceptable solid waste generated within the Town's boundaries up to its minimum commitment of 6,608 tons per year and to pay a uniform per ton disposal service fee (the "Municipal Disposal Fee"). The Municipal Disposal Fee is \$62.12 per ton for the current 2016-17 fiscal year. The aggregate minimum commitment of the fourteen Participating Municipalities is 190,845 tons per year. The Town's commitment to pay the Municipal Disposal Fee is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the fourteen Participating Municipalities is not met by the total deliveries of all the fourteen Participating Municipalities or by other solid waste delivered to the system in any year, the Town must pay the Municipal Disposal Fee for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

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

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

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

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

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

**Water:** Water is supplied primarily through individual wells. In 1988, Wolcott entered into an agreement to purchase water from the City of Waterbury and became a participant in the City's water filtration plant. A water main connected to Waterbury's municipal water system services the southern end of Route 69, which encompasses an area of small industrial firms, the Wolcott Hills area and up to the Beach Road area. A waterline extension to the Clinton Hill area was completed at a cost of \$5,420,000. Water mains were also installed in the Hitchcock Lake area of Wolcott where approximately 131 homes are serviced by the South Central Connecticut Regional Water Authority. In 2011, voters approved a \$350,000 waterline extension in the Woodtick Road area. Also as part of the \$12,325,000 Bond authorization approved in 2011, public water was extended to the Wolcott High School along with a natural gas line. Assessments are levied on benefiting users for the costs of waterline extensions.

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

**Library:** The Town's library is accessible 46 hours per week and has a professional staff of two. Current holdings total approximately 63,300 volumes and reference materials. Special programs including lectures, exhibits and workshops are held throughout the year. The library was renovated in 2006 at a cost of \$775,000.

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

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

**TOWN EMPLOYEES**

The following is a breakdown by category of the Town's current full-time and part-time employees:

<u>Department</u>	<u>Paid Positions</u>
Town Hall.....	27
Other Town Departments.....	90
Board of Education.....	486
<b>Total.....</b>	<b>603</b>

The following table illustrates the full and part-time Town employees for the last five fiscal years:

<u>Fiscal Year<sup>1</sup></u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Board of Education <sup>2</sup> .....	486	488	495	497	498
General Government.....	117	118	117	117	117
<b>Total.....</b>	<b>603</b>	<b>606</b>	<b>612</b>	<b>614</b>	<b>615</b>

<sup>1</sup> Full-time and permanent part-time employees.

<sup>2</sup> Includes substitute teachers and clerical.

Source: Town Officials.

## MUNICIPAL EMPLOYEES BARGAINING UNITS

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Expiration Date</u>
<b><u>General Government</u></b>		
Public Works - AFSCME AFL-CIO Local 1303 of Council #4.....	20	June 30, 2015 <sup>1</sup>
General Government - UPSEU, Unit 58.....	18	June 30, 2016 <sup>1</sup>
Police - Police Local 332, IBPO.....	23	June 30, 2017
<b><u>Board of Education</u></b>		
School Administration - Wolcott & Public School Admin. Council.....	11	June 30, 2020
Teachers - Wolcott Education Association.....	214	July 31, 2018
Wolcott Paraprofessionals, Library Aides & Security Aides, Local 222, CILU 84.....	45	June 30, 2015 <sup>2</sup>
Nurses - Wolcott Nurses Association, CSEA.....	5	June 30, 2017
Custodians - Wolcott Custodians Local 1303 of Council #4, American Federation of State, County and Municipal Employees AFL-CIO.....	22	June 30, 2017
Central Office - AFSCME AFL-CIO.....	6	June 30, 2019
Cafeteria Workers - AFSCME AFL-CIO 1303-370 Council 14.....	30	June 30, 2017
Secretaries - Wolcott Educational Secretaries Local 222, CILU 74.....	11	June 30, 2019

<sup>1</sup> In negotiation.

<sup>2</sup> In arbitration.

Source: Town of Wolcott.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. 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 light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## SCHOOL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date of Construction/ Remodeling</u>	<u>Number of Classrooms</u>	<u>2015-2016 Enrollment</u>	<u>Rated Capacity</u>
Frisbie Elementary.....	K-5	1950, 1986, 2001	28	316	700
Wakelee Elementary.....	K-5	1960, 1987, 1999, 2001	33	329	825
Alcott Elementary.....	K-5	1947, 1969, 2001	34	285	850
Tyrrell Middle.....	6-8	1967, 2001	45	604	1,125
Wolcott High.....	9-12	1958, 1962, 1977, 2001	66	801	1,400
<b>Totals.....</b>				<b>2,335</b>	

Source: Town of Wolcott, Superintendent's Office.

## SCHOOL ENROLLMENT

<u>School Year</u>	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>	<u>Total</u>
<i>Historical</i>				
2011-2012	1,118	670	867	2,655
2012-2013	1,067	640	874	2,581
2013-2014	983	658	844	2,485
2014-2015	946	692	781	2,419
2015-2016	930	604	801	2,335
<i>Projected</i>				
2016-2017	869	559	786	2,214
2017-2018	856	524	762	2,142
2018-2019	814	513	741	2,068
2019-2020	794	476	712	1,982
2020-2021	782	474	642	1,898

Source: Town of Wolcott, Superintendent's Office.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2014	16,716	0.2	819
2010	16,680	9.6	818
2000	15,215	11.1	746
1990	13,700	5.3	672
1980	13,008	4.1	638
1970	12,495	40.6	613

<sup>1</sup> 1970-2010 – U.S. Department of Commerce, Bureau of Census;  
State of Connecticut, Department of Health Services, Estimates of  
Population, 2014.

<sup>2</sup> Per square mile: 20.4 square miles.

#### AGE DISTRIBUTION OF THE POPULATION

	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	547	3.3%	194,338	5.4%
5 - 19.....	3,475	20.8%	707,656	19.7%
20 - 44.....	4,453	26.6%	1,126,757	31.4%
45 - 64.....	5,537	33.1%	1,032,223	28.7%
65 - 84.....	2,122	12.7%	443,512	12.3%
85 and over.....	590	3.5%	87,567	2.4%
Totals.....	16,724	100.0%	3,592,053	100.0%
Median Age (years)		44.7		40.3

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

#### INCOME DISTRIBUTION

	Town of Wolcott		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$9,999.....	48	1.1%	30,584	3.4%
10,000 - 14,999.....	34	0.8%	18,591	2.1%
15,000 - 24,999.....	79	1.8%	46,537	5.2%
25,000 - 34,999.....	254	5.8%	56,473	6.3%
35,000 - 49,999.....	262	6.0%	85,206	9.5%
50,000 - 74,999.....	767	17.5%	140,776	15.6%
75,000 - 99,999.....	914	20.9%	129,656	14.4%
100,000 - 149,999.....	1,090	24.9%	184,327	20.5%
150,000 - 199,999.....	563	12.9%	93,100	10.3%
200,000 and over.....	360	8.2%	114,307	12.7%
Totals.....	4,371	100.0%	899,557	100.0%

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## INCOME LEVELS

	<b>Town of Wolcott</b>	<b>State of Connecticut</b>
Per Capita Income, 2014.....	\$35,288	\$38,480
Per Capita Income, 2010.....	\$33,572	\$36,775
Per Capita Income, 1999.....	\$25,018	\$28,776
Per Capita Income, 1989.....	\$18,029	\$20,189
Median Family Income, 2014.....	\$94,080	\$88,217
Median Family Income, 2010.....	\$90,061	\$84,170
Median Family Income, 1999.....	\$67,582	\$65,521
Median Family Income, 1989.....	\$52,230	\$49,199
Percent Below Poverty Level 2014.....	2.0%	7.5%

Source: U.S. Department of Commerce, Bureau of Census, 2010, 2000, 1990; U.S. Census Bureau, 2010-2014 American Community Survey.

## EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	<b>Town of Wolcott</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	526	4.5%	106,784	4.3%
9th to 12th grade.....	487	4.1%	150,227	6.1%
High School graduate.....	4,326	36.7%	677,887	27.6%
Some college, no degree.....	1,968	16.7%	431,807	17.6%
Associate's degree .....	1,133	9.6%	180,321	7.3%
Bachelor's degree.....	1,822	15.5%	506,662	20.6%
Graduate or professional degree.....	1,510	12.8%	401,889	16.4%
Totals	11,772	100.0%	2,455,577	100.0%
Total high school graduate or higher (%)		91.4%		89.5%
Total bachelor's degree or higher (%)		28.3%		37.0%

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## MAJOR EMPLOYERS

As of September 2016

<b>Employer</b>	<b>Product</b>	<b>Estimated of Employees</b>
Town of Wolcott.....	Municipality	603
Wolcott View Manor Health & Rehabilitation Center .....	Convalescent Home	220
Sequel Medical.....	Medical Supply Manufacturer	100
Ultimate Service Inc.....	Facilities Management	80
Devon Precision, Inc.....	Swiss Screw Machine Products	60
NUCAP US Inc.....	Eyelet Products	55
Walsh's IGA.....	Grocery Store	48
All American Heating & AC, Inc.....	Heating, AC & Plumbing	45
Coils Plus.....	Manufacturer Electrical Coils	35
Mattatuck Industrial Scrap Metal, Inc.....	Buyers of Scrap Metals	21

Source: Telephone Survey of Employers.

## EMPLOYMENT BY INDUSTRY

Sector	Town of Wolcott		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	7,413	0.4%
Construction.....	657	7.5%	97,974	5.5%
Manufacturing.....	1,317	15.0%	191,057	10.8%
Wholesale Trade.....	300	3.4%	44,195	2.5%
Retail Trade.....	876	10.0%	191,267	10.8%
Transportation and warehousing, and utilities.....	387	4.4%	65,068	3.7%
Information .....	208	2.4%	41,905	2.4%
Finance, insurance, real estate, and rental and leasing.....	642	7.3%	161,926	9.2%
Professional, scientific, management, administrative and waste management services.	622	7.1%	197,880	11.2%
Educational, health and social services.....	2,298	26.1%	467,574	26.5%
Arts, entertainment, recreation, accommodation and food services.....	456	5.2%	154,005	8.7%
Other services (except public administration).....	485	5.5%	80,179	4.5%
Public Administration .....	545	6.2%	66,491	3.8%
<b>Total Labor Force, Employed.....</b>	<b>8,793</b>	<b>100.0%</b>	<b>1,766,934</b>	<b>100.0%</b>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

## EMPLOYMENT DATA

Period <sup>1</sup>	Town of Wolcott		Percentage Unemployed		
	Employed	Unemployed	Town of Wolcott	Waterbury Labor Market	State of Connecticut
July 2016.....	9,539	476	4.8%	6.7%	5.6%
May 2016.....	9,364	456	4.6	6.5	5.4
March 2016.....	9,296	516	5.3	7.7	6.2
January 2016.....	9,252	500	5.1	7.4	6.0
<b>Annual Averages</b>					
2015.....	9,303	459	4.7%	7.1%	5.6%
2014.....	9,268	533	5.4	8.2	6.6
2013.....	9,094	647	6.6	9.4	7.8
2012.....	9,099	735	7.5	10.1	8.3
2011.....	9,123	824	8.3	10.8	8.8
2010.....	9,052	886	8.9	11.4	9.1
2009.....	8,289	775	8.6	11.1	8.3
2008.....	8,548	497	5.5	7.5	5.6
2007.....	8,638	386	4.3	6.0	4.6
2006.....	8,545	369	4.1	5.7	4.4

<sup>1</sup> Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

### AGE DISTRIBUTION OF HOUSING

<b>Year Built</b>	<b>Town of Wolcott</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	501	8.2%	334,290	22.4%
1940 to 1969.....	2,944	48.0%	536,618	36.0%
1970 to 1979.....	559	9.1%	200,288	13.4%
1980 to 1989.....	638	10.4%	193,794	13.0%
1990 to 1999.....	781	12.7%	113,875	7.6%
2000 or later.....	716	11.7%	111,516	7.5%
<b>Total housing units</b>	<b>6,139</b>	<b>100.0%</b>	<b>1,490,381</b>	<b>100.0%</b>
<b>Percent Owner Occupied</b>		<b>88.4%</b>		<b>67.3%</b>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

### HOUSING INVENTORY

<b>Type</b>	<b>Town of Wolcott</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1 unit detached.....	5,213	84.9%	882,955	59.2%
1 unit attached.....	258	4.2%	79,922	5.4%
2 to 4 units.....	357	5.8%	253,522	17.0%
5 to 9 units.....	164	2.7%	81,574	5.5%
10 or more units.....	147	2.4%	180,292	12.1%
Mobile home, trailer, other....	0	0.0%	12,116	0.8%
<b>Total Inventory.....</b>	<b>6,139</b>	<b>100.0%</b>	<b>1,490,381</b>	<b>100.0%</b>

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

### OWNER-OCCUPIED HOUSING VALUES

<b>Specified Owner-Occupied</b>	<b>Town of Wolcott</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	129	2.5%	24,122	2.6%
\$50,000 to \$99,999.....	48	0.9%	26,438	2.9%
\$100,000 to \$149,999.....	444	8.6%	72,756	8.0%
\$150,000 to \$199,999.....	876	17.0%	137,797	15.1%
\$200,000 to \$299,999.....	2,108	40.9%	257,364	28.2%
\$300,000 to \$499,999.....	1,256	24.4%	243,882	26.7%
\$500,000 to \$999,999.....	168	3.3%	109,918	12.0%
\$1,000,000 or more.....	120	2.3%	40,766	4.5%
<b>Totals.....</b>	<b>5,149</b>	<b>100.0%</b>	<b>913,043</b>	<b>100.0%</b>
Median Sales Price <sup>1</sup>		\$143,400		\$166,900
Median Sales Price <sup>2</sup>		\$243,300		\$274,500

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2000.

<sup>2</sup> U.S. Census Bureau, 2010-2014 American Community Survey.

Source: U.S. Census Bureau, 2010-2014 American Community Survey.



### BUILDING PERMITS

Fiscal Year Ending June 30	Residential		Commercial/Industrial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2016	477	\$7,406,929	1	\$140,000	544	\$3,379,946	1,022	\$10,926,875
2015	408	7,722,332	-	-	524	3,127,922	932	10,850,254
2014	354	5,899,805	1	750,950	476	2,289,072	831	8,939,827
2013	349	5,462,245	-	-	396	1,457,546	745	6,919,791
2012	296	4,272,567	-	-	517	1,903,994	813	6,176,561
2011	280	4,943,813	-	-	422	1,717,208	702	6,661,021
2010	297	5,662,604	3	168,000	377	1,760,262	677	7,590,866
2009	284	4,490,002	2	542,500	527	2,517,885	813	7,550,387
2008	300	5,967,170	3	377,000	621	2,694,599	924	9,038,769
2007	337	11,130,654	6	188,350	714	4,290,900	1,057	15,609,904
2006	156	11,865,561	7	479,250	647	3,400,310	810	15,745,121

Source: Building Department, Town of Wolcott.

### LAND USE SUMMARY

Classification	Total Area	
	Acres	Percent
Agricultural.....	84.0	0.62%
Commercial.....	280.1	2.06%
Community Facility.....	378.4	2.79%
Industrial.....	243.3	1.79%
Recreational.....	1,788.0	13.16%
Residential.....	4,642.7	34.18%
ROW.....	547.3	4.03%
Transportation.....	4.4	0.03%
Undeveloped.....	4,990.0	36.73%
Utilities.....	152.7	1.12%
Water.....	474.0	3.49%
<b>Total Area.....</b>	<b>13,584.9</b>	<b>100.00%</b>

Source: Town of Wolcott, Planning Department 2016.

## **IV. TAX BASE DATA**

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### **ASSESSMENTS**

The Town of Wolcott had a general property revaluation by physical inspection of all real estate, effective on the Grand List of October 1, 2011. The next revaluation is scheduled for October 1, 2016. Under Section 12-62 of the Connecticut General Statutes the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

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

Public Act No. 16-3, May Special Session, allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 37.00 mills for the 2015 assessment year (fiscal year beginning July 1, 2016 and ending June 30, 2017) and (2) 32.00 mills for the 2016 assessment year (fiscal year beginning July 1, 2017 and ending June 30, 2018) and thereafter. Public Act No. 16-3, May Special Session, also diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap.

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

### **PROPERTY TAX COLLECTION PROCEDURE**

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

**COMPARATIVE ASSESSED VALUATIONS**

Grand List of 10/1	Residential	Commercial/Industrial	All Other	Personal Property	Motor Vehicle	Gross		Net Taxable Grand List	% Growth
	Real Property	Real Property	Real Property			Taxable Grand List	Less Exemptions <sup>1</sup>		
2015	77.7%	5.8%	2.8%	3.6%	10.1%	\$1,306,637,885	\$23,695,070	\$1,282,942,815	0.9%
2014	78.2	5.9	2.8	3.2	9.9	1,292,247,197	21,189,210	1,271,057,987	0.5%
2013	78.2	5.8	2.8	3.3	9.9	1,288,549,965	23,227,100	1,265,322,865	0.6%
2012	78.5	5.9	2.8	3.1	9.7	1,280,403,927	22,862,823	1,257,541,104	0.2%
2011 <sup>2</sup>	78.5	5.9	2.9	3.0	9.7	1,276,353,879	21,493,569	1,254,860,310	-8.0%
2010	81.8	5.7	1.4	2.7	8.4	1,383,794,343	20,417,121	1,363,377,222	-0.1%
2009	81.4	5.7	1.4	3.5	8.0	1,387,154,334	22,333,969	1,364,820,365	0.3%
2008	81.4	6.2	0.8	3.5	8.0	1,382,081,614	21,149,983	1,360,931,631	0.3%
2007	81.1	5.6	1.5	3.3	8.4	1,376,628,635	19,421,870	1,357,206,765	1.5%
2006 <sup>2</sup>	81.1	5.6	1.6	3.4	8.3	1,362,101,717	24,840,198	1,337,261,519	47.5%

<sup>1</sup> Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

<sup>2</sup> Revaluation year.

Source: Assessor's Office, Town of Wolcott.

**PROPERTY TAX LEVIES AND COLLECTIONS**

Grand List of Oct. 1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2015
2015	2017	\$1,282,942,815	28.91	\$36,486,251	-- Collected 7/16 -1/17 --		
2014	2016	1,271,057,987	28.08	35,128,210	-- Unaudited --		
2013	2015	1,265,322,865	27.17	34,555,784	98.2%	1.8%	1.8%
2012	2014	1,257,541,104	25.91	32,715,206	98.2%	1.8%	0.7%
2011 <sup>1</sup>	2013	1,254,860,310	25.27	31,801,822	98.2%	1.8%	0.3%
2010	2012	1,363,377,222	22.68	31,067,973	98.0%	2.0%	0.1%
2009	2011	1,364,820,365	22.68	31,006,021	97.9%	2.1%	0.1%
2008	2010	1,360,931,631	22.69	30,885,285	97.7%	2.3%	0.0%
2007	2009	1,357,206,765	22.69	30,884,784	97.3%	2.7%	0.0%
2006 <sup>1</sup>	2008	1,337,261,519	21.95	29,450,154	97.3%	2.7%	0.0%

<sup>1</sup> Revaluation year.

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

**TEN LARGEST TAXPAYERS<sup>1</sup>**

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Connecticut Light and Power.....	Utility	\$10,935,550	0.85%
Beach Building LLC.....	Real Estate	4,516,510	0.35%
NUCAP US Inc.....	Personal Property	4,426,850	0.35%
Buell Industries Inc.....	Manufacturing	2,794,710	0.22%
Vault Trust.....	Manufacturing	2,414,244	0.19%
Nissan Infiniti LT.....	Car Dealership	2,341,699	0.18%
BC Countryside I LLC.....	Real Estate	2,154,720	0.17%
Heritage Hill Wolcott LLC.....	Real Estate	2,065,990	0.16%
BC Countryside II LLC.....	Real Estate	2,058,120	0.16%
Blue Shutter Properties LLC.....	Real Estate	1,921,530	0.15%
Total.....		\$35,629,923	2.78%

<sup>1</sup> Based on a 10/1/15 Net Taxable Grand List of \$1,282,942,815.

Source: Assessor's Office, Town of Wolcott.

### EQUALIZED NET GRAND LIST

<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2013	\$1,809,585,593	-2.00%
2012	1,846,423,677	2.88%
2011	1,794,715,471	-10.25%
2010	1,999,758,230	2.80%
2009	1,945,213,318	1.91%
2008	1,908,810,034	-6.10%
2007	2,032,777,268	5.26%
2006	1,931,156,739	-8.27%
2005	2,105,296,070	13.98%
2004	1,847,012,211	15.58%

Source: State of Connecticut, Office of Policy and Management.

## V. FINANCIAL INFORMATION

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### FISCAL YEAR

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

### ACCOUNTING POLICIES

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

The reporting model includes the following segments:

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

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

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

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

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

### BUDGETARY PROCEDURES

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

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

appropriations in excess of \$20,000 individually or \$50,000 cumulatively must be approved at a Town meeting.

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

Public Act No. 15-244 (the “Act”) creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over this spending limit. The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for budgeting for an audited deficit, nonrecurring grants, capital expenditures and payments on unfunded pension liabilities.

## **ANNUAL AUDIT**

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management (“OPM”) and a copy of the report must be filed with OPM within six months of the end of the fiscal year. For the fiscal year ended June 30, 2015, the examination was conducted by the firm of Mahoney Sabol of Glastonbury, Connecticut.

## **PENSION PLANS**

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

### *Town General Pension Plan*

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

*Plan membership* - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011.

*Benefits provided* – The Town Plan provides retirement and disability benefits. The normal retirement age for police officers is either 60 or 20 years of service, age 50 with 25 years of service, or age 65. The normal retirement

age for all other employees is 65. Normal retirement benefits consist of yearly annuity. Police officers vest after seven years of service and are fully vested at that time. All other employees will vest in accordance with the following schedule in regards to Town contributions:

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

The following reflects the results of an actuarial valuation of Town General Pension Plan benefits as of January 1, 2015, with unaudited information for fiscal year ended 2016 and budgeted information for fiscal year ending 2017:

<b>Five-Year Trend Information</b>			
<u>Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Annual Contribution</u>	<u>% of ARC Contributed</u>
<b>Town General Pension Plan</b>			
2013	\$886,264	\$888,418	100.2%
2014	\$1,022,367	\$1,025,000	100.3%
2015	\$1,058,150	\$1,058,150	100.0%
2016	\$1,158,247	\$1,158,500 <sup>1</sup>	100.0%
2017	\$1,345,461	\$1,345,461 <sup>2</sup>	100.0%

<sup>1</sup> *Unaudited.*

<sup>2</sup> *Budgeted.*

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Town Plan at June 30, 2015, determined by an actuarial valuation as of January 1, 2015 and based on actuarial assumptions as of that date, were as follows:

<b>GASB 67 Schedules - Town Pension Plan</b>	
Total pension liability at June 30, 2016	\$ 28,619,153
Plan fiduciary net position	17,737,197
Town's net pension liability	<u>\$ 10,881,956</u>
Plan fiduciary net position as % of total pension liability	61.98%

The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town Plan's net pension liability as of June 30, 2016	\$ 14,143,548	\$ 10,881,956	\$ 8,065,874

Board of Education General Pension Plan

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

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

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

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

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

The following reflects the results of an actuarial valuation of Board of Education General Pension Plan benefits as of September 1, 2014 with information for fiscal years ended 2015 and 2016 and budgeted information for fiscal year ending 2017:

<b>Five-Year Trend Information</b>			
<b><u>Year Ended</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Annual Contribution</u></b>	<b><u>% of ARC Contributed</u></b>
<b>Board of Education General Pension Plan</b>			
2013	\$532,540	\$557,457	104.7%
2014	\$570,934	\$544,934	95.4%
2015	\$642,343	\$655,743	102.1%
2016	\$642,343	\$767,343	119.5%
2017	\$640,013	\$607,943 <sup>1</sup>	95.0%

<sup>1</sup> Budgeted.

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Board of Education Plan at June 30, 2015, determined by an actuarial valuation as of September 1, 2014 and based on actuarial assumptions as of that date, were as follows:

<b>GASB 67 Schedules - Board of Education Plan</b>	
Total pension liability at June 30, 2015	\$ 13,975,003
Plan fiduciary net position	12,017,829
Town's net pension liability	<u>\$ 1,957,174</u>
Plan fiduciary net position as % of total pension liability	86.0%



The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1% Decrease (6.50%)</b>	<b>Current Discount (7.50%)</b>	<b>1% Increase (8.50%)</b>
Board of Education Plan's net pension liability as of June 30, 2015	\$ 3,376,692	\$ 1,957,174	\$ 744,465

Connecticut State Teachers' Retirement System

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

*For further details on the plans, please refer to Appendix A under "Notes to Financial Statements, Note J" herein.*

**OTHER POST EMPLOYMENT BENEFITS**

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

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

The following reflects the results of an actuarial valuation of postemployment benefits as of July 1, 2014:

<b>GASB 45 Valuation</b>	<b>All Employees</b>
Actuarial Accrued Liability (AAL).....	\$19,045,930
Annual OPEB Cost for Fiscal Year 2016.....	1,781,963
Contributions Made.....	793,564
<b>Change in Net OPEB Obligation.....</b>	<b>\$988,399</b>
Net OPEB Obligation June 30, 2015.....	\$7,301,089
Net OPEB Obligation June 30, 2016.....	\$8,289,488

*For further details on OPEB, please refer to Appendix A under "Notes to Financial Statements, Note K" herein.*

## **INVESTMENT POLICIES AND PRACTICES**

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

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

**GENERAL FUND REVENUES AND EXPENDITURES**  
Summary of Audited Revenues and Expenditures  
(GAAP Basis)

	Budget 2016-17 <sup>1</sup>	Estimated Unaudited 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
<b>REVENUES:</b>							
Property Taxes.....	\$36,986,251	\$35,717,507	\$34,705,469	\$32,875,640	\$32,153,900	\$31,276,936	\$31,582,744
Departmental Revenues.....	774,025	1,085,575	856,539	1,054,496	787,266	887,884	902,669
Intergovernmental.....	15,827,171	15,923,947	20,699,671	20,711,146	20,168,083	19,263,593	17,156,857
Transfers In.....	414,016	348,541	5,073,793 <sup>6</sup>	919,723 <sup>5</sup>	1,004,177 <sup>4</sup>	1,665,574 <sup>2</sup>	906,015 <sup>3</sup>
<b>Total Revenues and Transfers In.....</b>	<b>\$54,001,463</b>	<b>\$53,075,570</b>	<b>\$61,335,472</b>	<b>\$55,561,005</b>	<b>\$54,113,426</b>	<b>\$53,093,987</b>	<b>\$50,548,285</b>
<b>EXPENDITURES:</b>							
General Government.....	\$16,778,329	\$15,516,954	\$14,513,021	\$13,812,397	\$12,788,696	\$13,357,072	\$13,352,968
Debt Service.....	3,592,039	3,893,597	3,891,632	3,994,408	3,833,732	3,136,623	3,662,106
Education.....	33,631,095	33,114,554	37,739,030	37,034,923	36,419,835	35,565,637	32,768,203
Capital Outlay.....			106,871	207,205	421,830	674,464	
Transfers Out.....	0	0	4,824,820 <sup>7</sup>	54,569	276,000	136,000	261,000
<b>Total Expenditures and Transfers Out.....</b>	<b>\$54,001,463</b>	<b>\$52,525,105</b>	<b>\$61,075,374</b>	<b>\$55,103,502</b>	<b>\$53,740,093</b>	<b>\$52,869,796</b>	<b>\$50,044,277</b>
<b>Results from Operations.....</b>		<sup>8</sup>	<b>\$260,098</b>	<b>\$457,503</b>	<b>\$373,333</b>	<b>\$224,191</b>	<b>\$504,008</b>
<b>Fund Balance, July 1.....</b>			<b>\$3,552,399</b>	<b>\$3,094,896</b>	<b>\$2,721,563</b>	<b>\$2,497,372</b>	<b>\$1,993,364</b>
<b>Fund Balance, June 30.....</b>			<b>\$3,812,497</b>	<b>\$3,552,399</b>	<b>\$3,094,896</b>	<b>\$2,721,563</b>	<b>\$2,497,372</b>

<sup>1</sup> Budgetary basis.

<sup>2</sup> Includes \$674,464 of proceeds from capital lease issuance.

<sup>3</sup> Includes refunding proceeds of \$137,300.

<sup>4</sup> Includes \$421,830 of proceeds from capital lease issuance.

<sup>5</sup> Includes \$207,205 of proceeds from capital lease issuance.

<sup>6</sup> Includes \$58,117 in capital lease financing, \$4,030,000 proceeds from refunding bonds, and \$476,696 premium on bonds issued.

<sup>7</sup> Includes \$4,409,820 payment to refunding bond escrow agent.

<sup>8</sup> At this time, Town Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$550,000. The unassigned fund balance will be approximately \$4,306,079 or 8.1% of expenditures on a budgetary basis at June 30, 2016.

Source: Audit Reports 2011-2015; Estimated Unaudited 2016 and Budget 2017.

**ANALYSIS OF GENERAL FUND EQUITY**  
(GAAP BASIS)

	Budget 2016-2017	Estimated Unaudited 2015-2016	Actual 2014-2015	Actual 2013-2014	Actual 2012-2013	Actual 2011-2012	Actual 2010-2011
Assigned.....	N/A	N/A	\$56,882	\$102,984	\$183,534	\$178,564	\$161,990
Unassigned.....			3,755,615	3,449,415	2,911,362	2,542,999	2,335,382
<b>Total Fund Balance.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$3,812,497</b>	<b>\$3,552,399</b>	<b>\$3,094,896</b>	<b>\$2,721,563</b>	<b>\$2,497,372</b>
<b>Unassigned Fund Balance As % of Total Expenditures.....</b>			<b><u>6.15%</u></b>	<b><u>6.26%</u></b>	<b><u>5.42%</u></b>	<b><u>4.81%</u></b>	<b><u>4.67%</u></b>

Source: Audit Reports 2011-2015; Estimated Unaudited 2016 and Budget 2017.

## VI. DEBT SUMMARY

### PRINCIPAL AMOUNT OF INDEBTEDNESS

As of October 20, 2016

(Pro Forma)

#### Long-Term Debt: Bonds

Date	Purpose	Rate %	Original Issue	Debt Outstanding As of 10/20/16	Date of Fiscal Year Maturity
<b><u>General Purpose</u></b>					
03/15/02	General Purpose (Taxable) - Lot C Bonds.....	6.26	\$800,000	\$150,000	2022
08/09/10	General Purpose - Series A Bonds.....	3.52	4,061,250	2,770,000	2030
08/09/10	Refunding Bonds - General Purpose - Series B Bonds....	2.70	225,000	90,000	2021
08/09/10	Refunding Bonds - Water - Series B Bonds.....	2.70	1,115,000	525,000	2022
10/23/14	General Purpose Bonds.....	2.54	6,960,000	6,410,000	2034
02/17/15	Refunding Bonds - General Purpose.....	1.58	1,665,000	1,391,000	2026
02/17/15	Refunding Bonds - Water.....	1.58	1,895,000	1,629,000	2026
10/20/16	General Purpose Bonds.....	This Issue	2,952,315	2,952,315	2034
10/20/16	Water Bonds.....	This Issue	107,685	107,685	2034
	<b>Total.....</b>		<b>\$19,781,250</b>	<b>\$16,025,000</b>	
<b><u>Schools</u></b>					
11/15/04	Refunding Bonds - School.....	3.59	\$8,476,680	\$1,470,000	2020
08/09/10	Land Acquisition (Schools) - Series A Bonds.....	3.52	403,750	285,000	2030
08/09/10	Refunding Bonds - School - Series B Bonds.....	2.70	11,445,000	4,985,000	2022
02/17/15	Refunding Bonds - School.....	1.58	470,000	400,000	2026
10/20/16	School Bonds.....	This Issue	1,530,000	1,530,000	2034
	<b>Total.....</b>		<b>\$22,325,430</b>	<b>\$8,670,000</b>	
	<b>Total Long Term Debt.....</b>		<b>\$42,106,680</b>	<b>\$24,695,000</b>	

#### Short-Term Debt:

Project	Bonding Authorization	Bonded/ Paydowns	BANs Maturing 10/20/16	Notes This Issue	Legal Renewable Limit
Road Reconstruction Program (2014).....	\$10,526,462 *	\$200,000	\$10,526,462 *	\$10,326,462	6/19/2024
Public Works Building.....	248,538 *	0	248,538 *	248,538	10/23/2024
School Facilities Upgrades (2014).....	863,700	0	863,700	863,700	10/23/2024
Issuance Costs (2014).....	271,300	0	46,300	271,300	10/23/2024
<b>Total.....</b>	<b>\$11,910,000</b>	<b>\$200,000</b>	<b>\$11,685,000</b>	<b>\$11,710,000</b>	

\*Reflects transfers approved by Town Council on August 16, 2016.

#### Other Long-Term Commitments:

Pursuant to an Intermunicipal Agreement with the City of Waterbury, the Town of Wolcott is responsible for \$3,089,815 or 3.475% of the total costs of the City's sewage treatment plant upgrade. The Town pays its proportionate share of the project costs through repayment of a Clean Water Fund Loan payable directly to the State of Connecticut. Wolcott's proportionate estimated share of principal is \$658,323 at June 30, 2016. The loan has a rate of 2% and will mature in 2020.

## SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State's share of the eligible construction costs. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

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

### ANNUAL BONDED DEBT MATURITY SCHEDULE

As of October 20, 2016

(Pro Forma)

<b>Fiscal Year Ending 6/30</b>	<b>Principal<sup>1, 2</sup></b>	<b>Interest</b>	<b>Total</b>	<b>Bonds This Issue</b>	<b>Cumulative Percent Retired</b>
2017	\$2,600,000	\$702,269	\$3,302,269		9.53%
2018	2,780,000	601,894	3,381,894	\$205,000	20.48%
2019	2,750,000	494,606	3,244,606	205,000	31.32%
2020	2,760,000	388,881	3,148,881	250,000	42.35%
2021	2,290,000	293,063	2,583,063	250,000	51.67%
2022	1,650,000	225,203	1,875,203	250,000	58.64%
2023	985,000	188,300	1,173,300	275,000	63.26%
2024	985,000	168,678	1,153,678	275,000	67.88%
2025	970,000	152,513	1,122,513	275,000	72.44%
2026	885,000	135,438	1,020,438	300,000	76.79%
2027	610,000	117,366	727,366	300,000	80.12%
2028	610,000	98,825	708,825	300,000	83.46%
2029	610,000	78,966	688,966	300,000	86.80%
2030	610,000	58,022	668,022	285,000	90.08%
2031	375,000	41,925	416,925	285,000	92.50%
2032	390,000	30,450	420,450	285,000	94.98%
2033	410,000	18,450	428,450	275,000	97.49%
2034	410,000	6,150	416,150	275,000	100.00%
<b>Totals</b>	<b>\$22,680,000</b>	<b>\$3,800,997</b>	<b>\$26,480,997</b>	<b>\$4,590,000</b>	

<sup>1</sup> Excludes capital lease obligations.

<sup>2</sup> Includes \$2,575,000 in principal payments made in the 2016-2017 fiscal year.

### OVERLAPPING/UNDERLYING DEBT

The Town of Wolcott has no overlapping nor underlying debt.

**DEBT STATEMENT**  
As of October 20, 2016  
(Pro Forma)

**LONG TERM DEBT**

<b>Bonds:</b>	
General Purpose (Including this issue) .....	\$16,025,000
Schools (Including this issue) .....	8,670,000
<b>TOTAL LONG TERM DEBT</b> .....	<b>\$24,695,000</b>

<b>SHORT TERM DEBT</b> (Including this issue) ...	\$11,710,000
<b>TOTAL DIRECT DEBT</b> .....	<b>\$36,405,000</b>

Less:	
State School Construction Grants .....	\$2,616,526
Water Assessments Receivable <sup>1</sup> .....	1,480,718
<b>TOTAL DIRECT NET DEBT</b> .....	<b>\$32,307,756</b>

<sup>1</sup> Represents water assessments receivable as of June 30, 2015.  
*NOTE: Does not include capital lease obligations and authorized but unissued debt.*

**CURRENT DEBT RATIOS**  
October 20, 2016  
(Pro Forma)

Population <sup>1</sup> .....	16,716
Net Taxable Grand List - 10/1/15 @ 70% of full value ....	\$1,282,942,815
Estimated Full Value .....	\$1,832,775,450
Equalized Net Taxable Grand List - 2013 <sup>2</sup> .....	\$1,809,585,593
Money Income per Capita - 2014 <sup>3</sup> .....	\$35,288

	<b>Total Direct Debt</b>	<b>Total Direct Net Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$36,405,000</b>	<b>\$32,307,756</b>	<b>\$32,307,756</b>
Per Capita .....	\$2,177.85	\$1,932.74	\$1,932.74
Debt Ratio to Net Taxable Grand List .....	2.84%	2.52%	2.52%
Ratio to Estimated Full Value .....	1.99%	1.76%	1.76%
Ratio to Equalized Net Taxable Grand List .....	2.01%	1.79%	1.79%
Debt per Capita to Money Income per Capita .....	6.17%	5.48%	5.48%

<sup>1</sup> State of Connecticut, Department of Health Services, Estimates of Population, 2014.  
<sup>2</sup> Office of Policy and Management, State of Connecticut.  
<sup>3</sup> U.S. Census Bureau, 2010-2014 American Community Survey.

**BOND AUTHORIZATION**

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

**TEMPORARY FINANCING**

When general obligation bonds have been authorized, bond anticipation notes may be issued for a period of 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 all subsequent years 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, or, for sewer projects, by the amount of time temporary financing has been outstanding.

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

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

### **LIMITATION OF INDEBTEDNESS**

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

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

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

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

**STATEMENT OF STATUTORY DEBT LIMITATION**  
As of October 20, 2016  
(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien )	
Received by the Treasurer for the year ended June 30, 2015.....	\$34,639,376
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	157,101
BASE.....	<u>\$34,796,477</u>

<b>DEBT LIMITATION:</b>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
2 1/4 times base.....	\$78,292,073				
4 1/2 times base.....		\$156,584,147			
3 3/4 times base.....			\$130,486,789		
3 1/4 times base.....				\$113,088,550	
3 times base.....					\$104,389,431
Total debt limitation.....	<u>\$78,292,073</u>	<u>\$156,584,147</u>	<u>\$130,486,789</u>	<u>\$113,088,550</u>	<u>\$104,389,431</u>
<b>INDEBTEDNESS:</b>					
Bonds Payable (including this issue) .....	\$13,763,315 <sup>1</sup>	\$8,670,000	\$0	\$0	\$0
Notes Payable (including this issue) .....	10,846,300	863,700	0	0	0
Authorized but Unissued Debt.....	0	40,000	0	0	0
<b>TOTAL DIRECT INDEBTEDNESS .....</b>	<b><u>\$24,609,615</u></b>	<b><u>\$9,573,700</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Less:					
School Construction Grants .....		\$2,616,526 <sup>2</sup>			
<b>TOTAL NET INDEBTEDNESS .....</b>	<b><u>\$24,609,615</u></b>	<b><u>\$6,957,174</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....</b>					
	<b><u>\$53,682,458</u></b>	<b><u>\$149,626,972</u></b>	<b><u>\$130,486,789</u></b>	<b><u>\$113,088,550</u></b>	<b><u>\$104,389,431</u></b>

<sup>1</sup> Does not include \$2,261,685 in Water Bonds as allowed under Connecticut General Statutes.

<sup>2</sup> Represents State of Connecticut School Construction Grants payable to the Town over the life of the school bond issues.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$243,575,339

**AUTHORIZED BUT UNISSUED DEBT**

As of October 20, 2016  
(Pro Forma)

<u>Project</u>	<u>Bonding Authorization</u>	<u>Bonded/ Paydowns</u>	<u>Debt Authorized but Unissued</u>			
			<u>General Purpose</u>	<u>Schools</u>	<u>Water</u>	<u>Total</u>
Property Acquisition - Schools.....	\$465,000	\$425,000	\$0	\$40,000	\$0	\$40,000 <sup>1</sup>
	<b><u>\$465,000</u></b>	<b><u>\$425,000</u></b>	<b><u>\$0</u></b>	<b><u>\$40,000</u></b>	<b><u>\$0</u></b>	<b><u>\$40,000</u></b>

<sup>1</sup> The Town does not anticipate additional borrowings against this authorization.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT**

<u>Long-Term Debt</u>	<u>2016 Est.</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Bonds.....	\$22,680,000	\$25,390,000	\$21,290,000	\$23,915,000	\$26,535,000	\$28,545,000
<b>Short-Term Debt</b>						
Bond Anticipation Notes...	16,595,000	13,050,000	16,325,000	9,780,000	7,280,000	0
<b>Totals.....</b>	<b><u>\$39,275,000</u></b>	<b><u>\$38,440,000</u></b>	<b><u>\$37,615,000</u></b>	<b><u>\$33,695,000</u></b>	<b><u>\$33,815,000</u></b>	<b><u>\$28,545,000</u></b>

Source: Annual Audited Financial Statements 2011-2015, Estimate 2016.



**RATIO OF DIRECT OVERALL DEBT TO VALUATION, POPULATION AND INCOME <sup>1</sup>**

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value</b>	<b>Estimated Full Value</b>	<b>Direct Overall Debt<sup>1</sup></b>	<b>Ratio of Direct Overall Debt to Assessed Value (%)</b>	<b>Ratio of Direct Overall Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Overall Debt per Capita</b>	<b>Ratio of Direct Overall Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016 Est.	\$1,271,057,987	\$1,815,797,124	\$39,275,000	3.09%	2.16%	16,716	\$2,349.55	6.66%
2015	1,265,322,865	1,807,604,093	38,440,000	3.04%	2.13%	16,716	2,299.59	6.52%
2014	1,257,541,104	1,796,487,291	37,615,000	2.99%	2.09%	16,716	2,250.24	6.38%
2013	1,254,860,310	1,792,657,586	33,695,000	2.69%	1.88%	16,725	2,014.65	5.71%
2012	1,363,377,222	1,947,681,746	33,815,000	2.48%	1.74%	16,724	2,021.94	5.73%
2011	1,364,820,365	1,949,743,379	28,545,000	2.09%	1.46%	16,652	1,714.21	4.86%

<sup>1</sup> Does not reflect State of Connecticut School Construction and interest subsidy grants, and water and sewer assessments applied to the retirement of the outstanding debt.

<sup>2</sup> State of Connecticut, Department of Health Services Estimate 2011- 2014; U.S. Census Bureau, 2010.

<sup>3</sup> Income per Capita: \$35,288 - U.S. Census Bureau, American Community Survey 2010-2014.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of Total Debt Service to Total General Fund Expenditures %<sup>1</sup></b>
2016 Est.	\$3,893,597	\$52,525,105	7.41%
2015	3,891,632	61,075,374	6.37%
2014	3,994,408	55,103,502	7.25%
2013	3,833,732	53,740,093	7.13%
2012	3,136,623	52,869,796	5.93%
2011	3,662,106	50,044,277	7.32%

<sup>1</sup> Does not reflect State of Connecticut School Construction Grants and water and sewer assessments applied to repay certain outstanding debt.

Source: Annual Audited Financial Statements 2011-2015, Budget 2016.

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

## **VII. LEGAL AND OTHER LITIGATION**

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### **LITIGATION**

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

### **TRANSCRIPT AND CLOSING DOCUMENTS**

Upon the delivery of the Bonds and Notes, the original purchaser(s) will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay the principal of and interest on the Bonds and Notes.
2. A Certificate on behalf of the Town signed by the Mayor, Treasurer and Finance Officer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and Notes.
4. Approving opinions of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut, substantially in the forms of Appendices B-1 and B-2, attached hereto.
5. Continuing Disclosure Agreements, substantially in the forms of Appendices C-1 and C-2, attached hereto.
6. The Town of Wolcott has prepared a Preliminary Official Statement for this Bond and Note issue which is dated October 3, 2016. The Town deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The Town will make available to the winning purchaser of the Bonds 100 copies of the Official Statement and to each winning purchaser of the Notes 25 copies of the Official Statement at the Town's expense within seven business days of the signing of the bid opening. Additional copies may be obtained by the purchaser(s) at their own expense by arrangement with the printer.

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

### **CONCLUDING STATEMENT**

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

**TOWN OF WOLCOTT, CONNECTICUT**

By:

\_\_\_\_\_  
Thomas G. Dunn, *Mayor*

By:

\_\_\_\_\_  
Anthony J. Marino, *Treasurer*

By:

\_\_\_\_\_  
Susan E. Hale, *Finance Officer*

Dated as of October \_\_\_\_, 2016

**APPENDIX A – BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Appendix A - Basic Financial Statements - is taken from the Annual Report of the Town of Wolcott for the Fiscal Year ended June 30, 2015 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Finance Officer’s Office, Town of Wolcott, Connecticut.

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Wolcott, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolcott, Connecticut, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund and Water Assessment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As disclosed in Note A to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## **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 3 through 14, and the schedules on the Town's pension plans and other post-retirement benefit plan on pages 68 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
December 11, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2015**

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As management of the Town of Wolcott (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38,009,649 (net position). Of this amount, \$4,869,453 represents a deficit in the Town's unrestricted net position.
- The Town's total net position increased by \$1,910,761 during the current fiscal year.
- The beginning net position of the Town was decreased by \$15,256,189, due to the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* (See Note A). GASB Statement No. 68 required the Town to recognize net pension liabilities relating to its long-term obligations for pension benefits in the government-wide financial statements.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund deficit of \$2,287,228, a decrease of \$5,091,333 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,755,615 or 7.3% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.9 months of General Fund operating expenditures.
- The Town's total long-term debt, excluding capital leases, increased by \$658,468 or 1.7% during the current fiscal year due to the issuance of general obligation refunding bonds offset by scheduled repayments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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



**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvement Fund, the Water Assessment Fund, and the Small Cities Grant Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 - 23 of this report.

**Proprietary Funds**

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service benefits governmental activities, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 24 - 26 of this report.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

**Fiduciary Funds**

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

The basic fiduciary fund financial statements can be found on pages 27 - 28 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 - 67 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 68 - 91 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

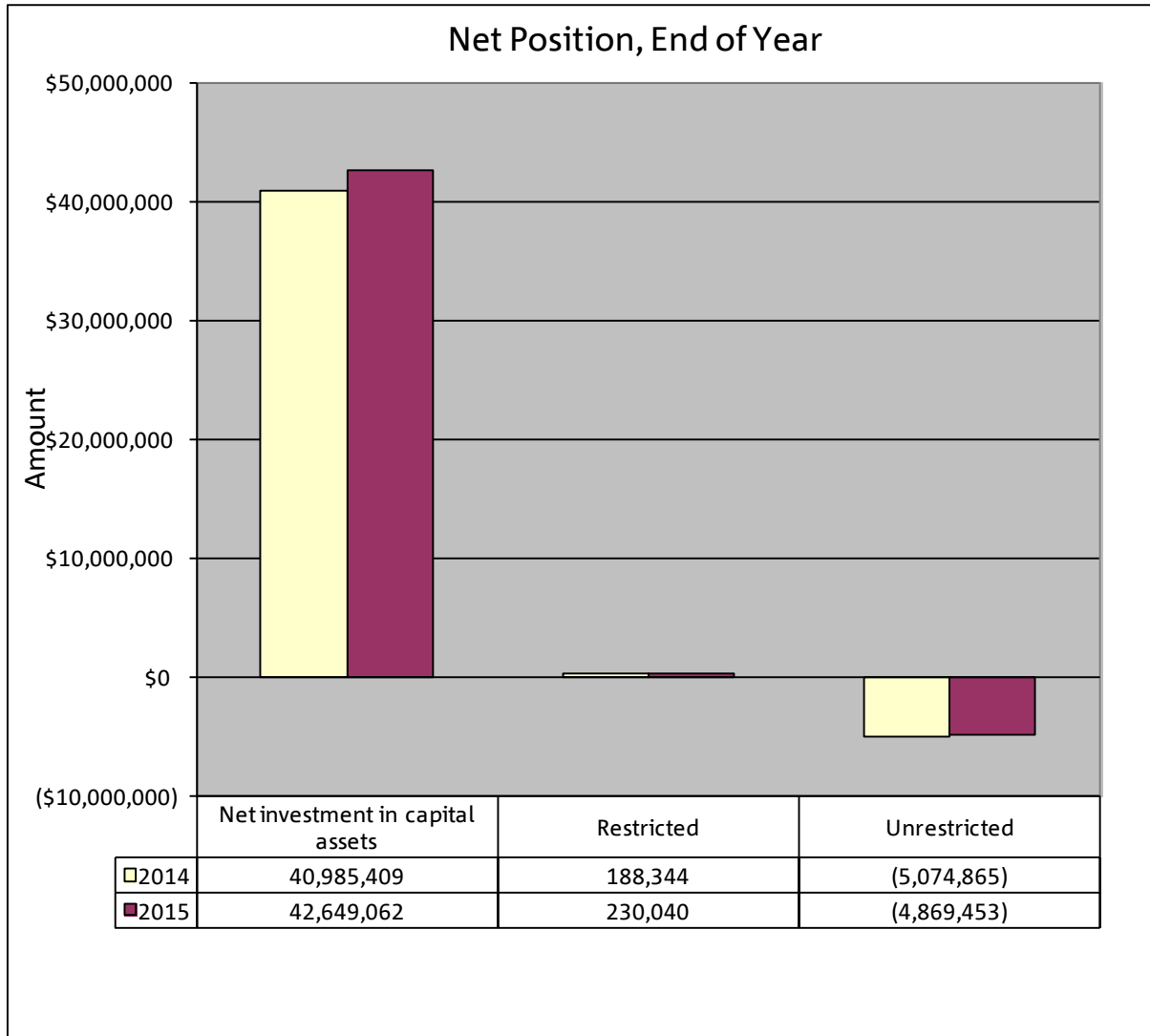
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$38,009,649 and \$36,098,888 (as adjusted) as of June 30, 2015 and 2014, respectively and are summarized as follows. Amounts reported as of June 30, 2014 have been adjusted for the effects of implementing GASB Statement No. 68.

	<b>2015</b>	<b>2014</b> (As Adjusted)
Current and other assets	\$ 23,544,971	\$ 24,310,442
Capital assets, net	82,629,870	79,828,283
Total assets	106,174,841	104,138,725
Deferred outflows of resources	1,914,417	2,235,954
Long-term liabilities	50,756,880	55,248,705
Other liabilities	17,280,306	12,328,881
Total liabilities	68,037,186	67,577,586
Deferred inflows of resources	2,042,423	2,698,205
Net position:		
Net investment in capital assets	42,649,062	40,985,409
Restricted	230,040	188,344
Unrestricted	(4,869,453)	(5,074,865)
Total net position	\$ 38,009,649	\$ 36,098,888

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**



Of the Town's net position, 112.2% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1.0% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position increased by \$1,910,761.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position**

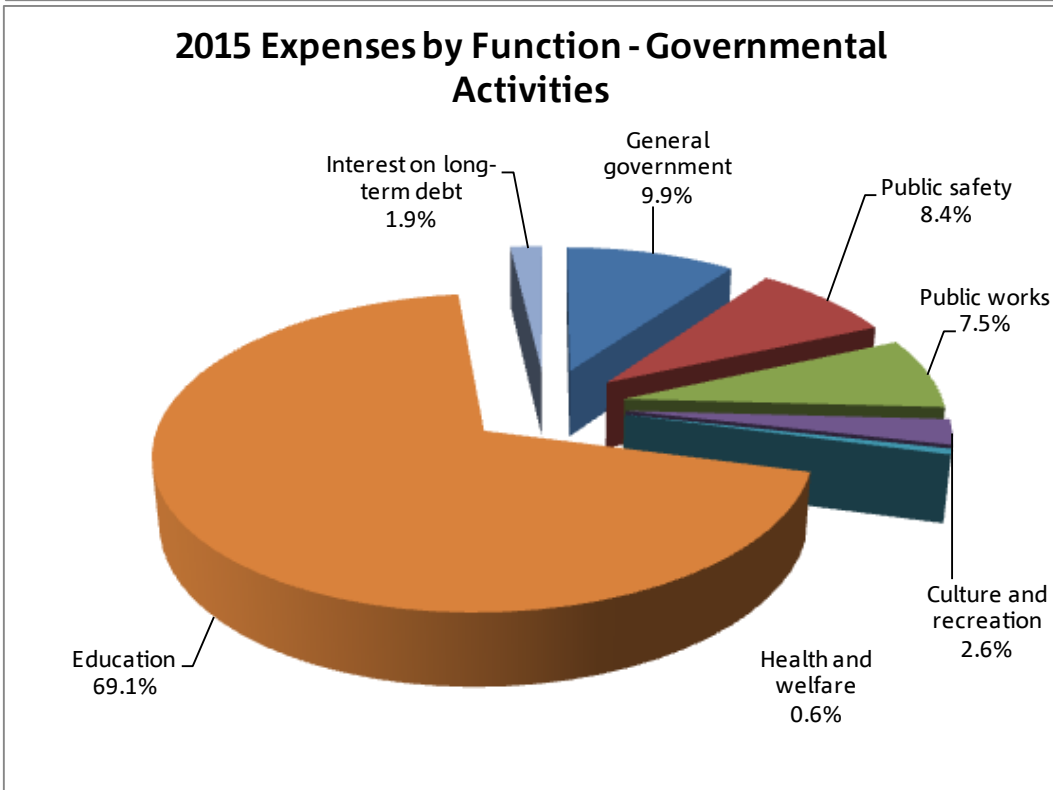
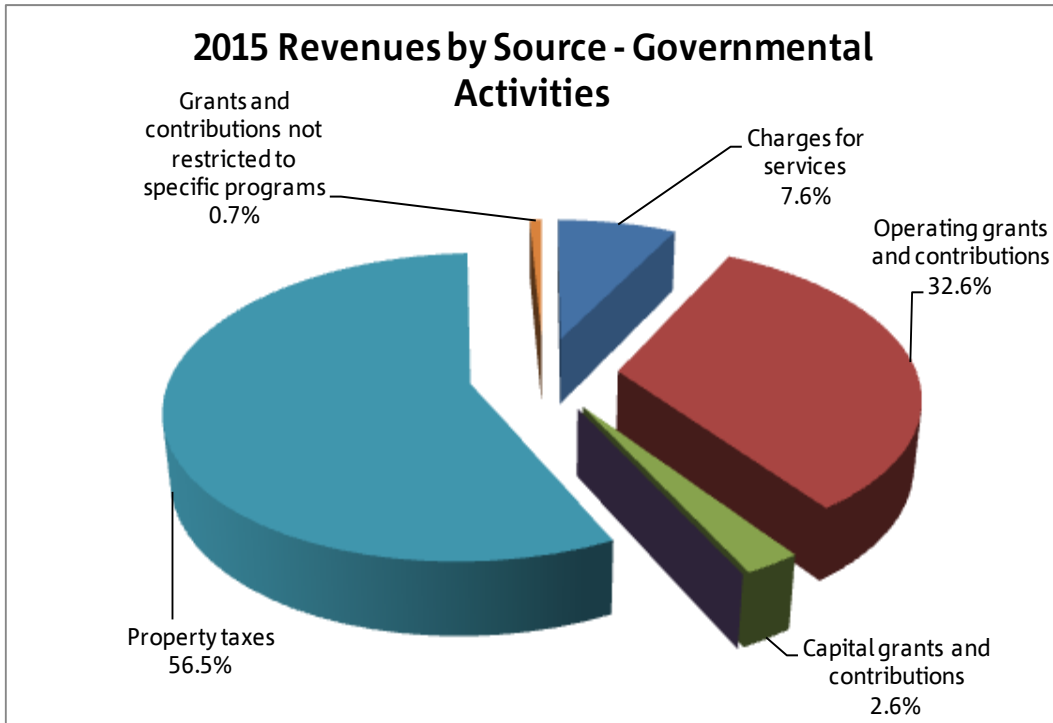
Changes in net position for the years ended June 30, 2015 and 2014 are as follows. The amounts reported for the year ended June 30, 2014 have not been adjusted for the implementation of GASB Statement No. 68, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

	<u>2015</u>	<u>2014</u>
Program revenues:		
Charges for services	\$ 4,668,264	\$ 4,874,110
Operating grants and contributions	20,122,556	20,910,757
Capital grants and contributions	1,586,784	960,393
General revenues:		
Property taxes	34,856,305	32,966,785
Grants and contributions not restricted to specific programs	473,259	429,579
Unrestricted investment earnings	6,681	6,022
Total revenues	<u>61,713,849</u>	<u>60,147,646</u>
 Program expenses		
General government	5,940,815	6,150,303
Public safety	5,023,856	6,195,500
Public works	4,505,891	4,518,936
Culture and recreation	1,576,732	1,650,374
Health and welfare	351,613	780,842
Education	41,297,244	42,301,861
Interest on long-term debt	1,106,937	786,003
Total expenses	<u>59,803,088</u>	<u>62,383,819</u>
 Change in net position	 <u>\$ 1,910,761</u>	 <u>\$ (2,236,173)</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position (Continued)**



**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Governmental Activities**

Governmental activities increased the Town's net position by \$1,910,761. Revenues generated by the Town increased by \$1,566,203 and expenses decreased in the amount of \$2,580,731, when compared to the prior year.

Key elements of the current year change in net position were an increase in tax collections primarily attributed to an increase in the Town's mill rate. In addition, the Town incurred significantly less expenses for both public safety and education. Public safety expenses decreased in comparison to the prior due to a decrease in the estimated heart and hypertension liability. Education expenses decreased in comparison to the prior year due to the current year change in net pension liability.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund deficit of \$2,287,228, a decrease of \$5,091,333 in comparison with the prior year. Of this amount, a \$6,344,096 constitutes a deficit in the total unassigned fund balance of the Town. Approximately \$9.9 million of the deficit fund balance pertains to capital improvements which are currently being financed by short-term bond anticipation notes. This deficit will be funded upon conversion of the short-term debt to long-term general obligation bonds.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,755,615, while total fund balance was \$3,812,497. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 7.3% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.9 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$260,098 during the current fiscal year.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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

**Capital Improvement Fund**

The Capital Improvement Fund has a deficit fund balance of \$9,900,626 as of June 30, 2015, an increase in the deficit of \$5,181,304 from the prior year. This deficit is attributable to expenditures incurred for various ongoing capital projects for which permanent financing has not yet been obtained. The deficit is expected to be funded by permanent financing in the future.

**Water Assessment Fund**

The fund balance of the Water Assessment Fund decreased by \$129,979 during the current fiscal year. This decrease was due primarily to current year assessment revenue offset by a transfer to the General Fund to cover related debt service costs.

**Small Cities Grant Program Fund**

There was no change to the fund balance of the Small Cities Grant Program Fund during the current fiscal year. Current year activity included grant proceeds and loan repayments offset by the issuance of new loans and current year administrative costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$306,200. No supplemental appropriations were made during the current fiscal year. On a budgetary basis the unassigned fund balance was 7.3% of total expenditures.

During the year, revenues exceeded budgetary estimates by \$159,654, as a result of increased tax collections, offset by a decrease in charges for services of \$155,331. Expenditures were \$146,546 less than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2015 totaled \$82,629,870 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The Town's investment in capital assets increased \$2,801,587 or 3.51%.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**

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

- An increase of \$2,050,671 in construction in progress, primarily due to ongoing construction of various road, bridge and sidewalk projects, as well as the construction of a new town garage.
- An increase of \$131,780 in land improvements related to the completion of the Town's dog pound and Peterson Park chain link fencing as well as a transfer from CIP of the 9 hole expansion project at the Town's golf course.
- An increase to buildings of \$239,527 for a reclassification of the Woodtick Road Food Pantry from construction in progress to depreciable building asset.
- An increase of \$235,912 in the vehicle, machinery and equipment category due to the purchase of two new police vehicles, a dump truck, and an excavator.
- An increase of approximately \$3.0 million to infrastructure due to the completion of various road reconstruction projects.
- A decrease due to depreciation expense of \$2,890,641.

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

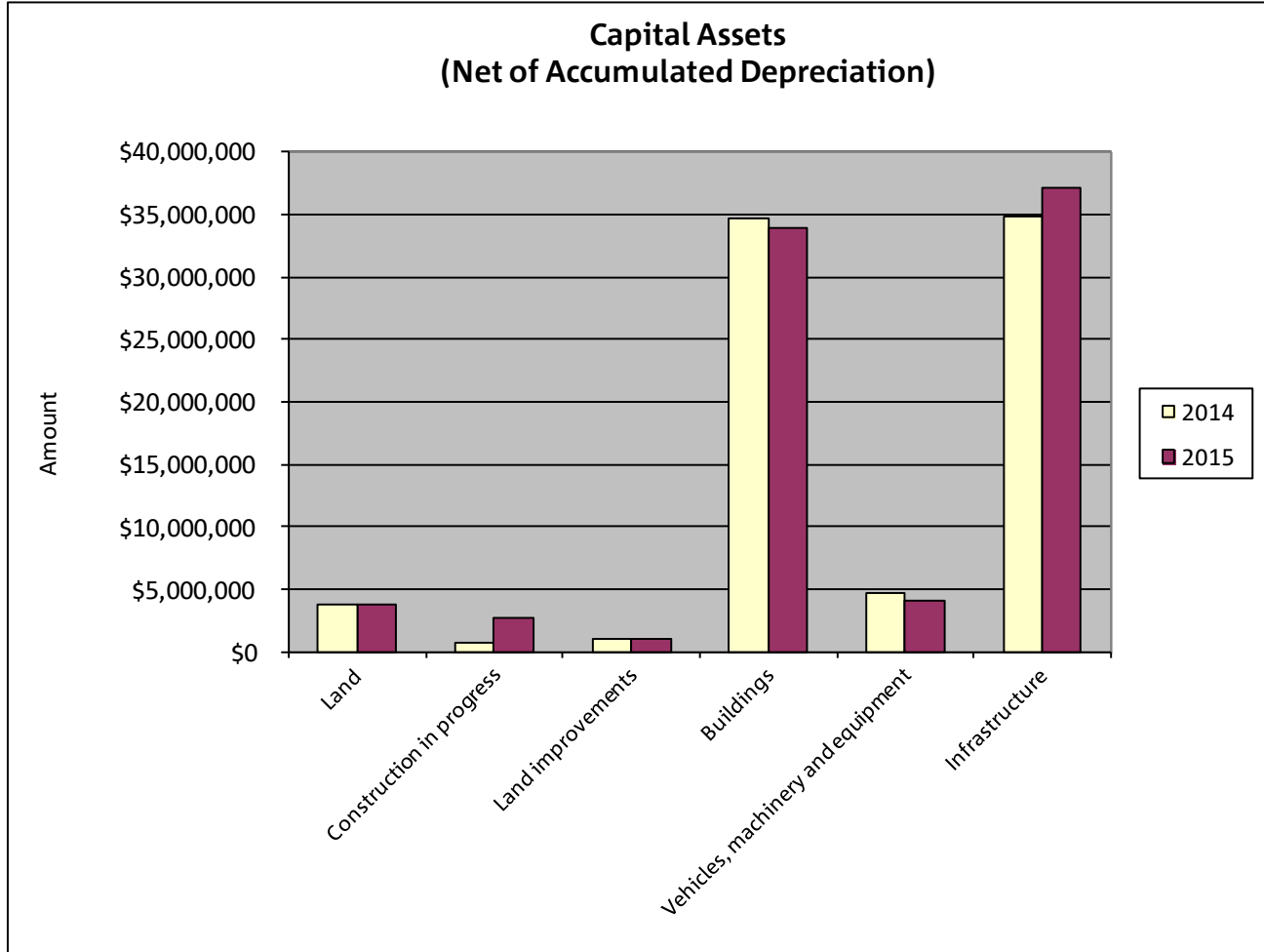
	<u>2015</u>	<u>2014</u>
Land	\$ 3,830,774	\$ 3,830,774
Construction in progress	2,744,506	693,835
Land improvements	1,096,401	1,072,699
Buildings	33,839,709	34,682,137
Vehicles, machinery and equipment	4,050,215	4,689,794
Infrastructure	37,068,265	34,859,044
Totals	<u>\$ 82,629,870</u>	<u>\$ 79,828,283</u>



**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in Note D on page 43 of this report.

**Long-term Debt**

At the end of the current fiscal year, the Town had total debt outstanding, excluding capital lease obligations, of \$39,267,231, all of which is backed by the full faith and credit of the government. The Town's total principal debt increased by \$658,468 or 1.7% during the current fiscal year due to scheduled debt service payments offset by the issuance of general obligation refunding bonds.

In October 2014 the Town issued a new bond anticipation note in the amount of \$13,050,000 to fund various ongoing capital projects.

In October 2014 the Town also issued general obligation bonds of \$6,690,000 to retire a portion of previously outstanding bond anticipation notes. Also, in January 2015, the Town issued general obligation refunding bonds totaling \$4,030,000. The refunding will generate cash flow savings of \$408,842 and provide an economic gain to the Town of \$392,048.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)(Continued)**  
**JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

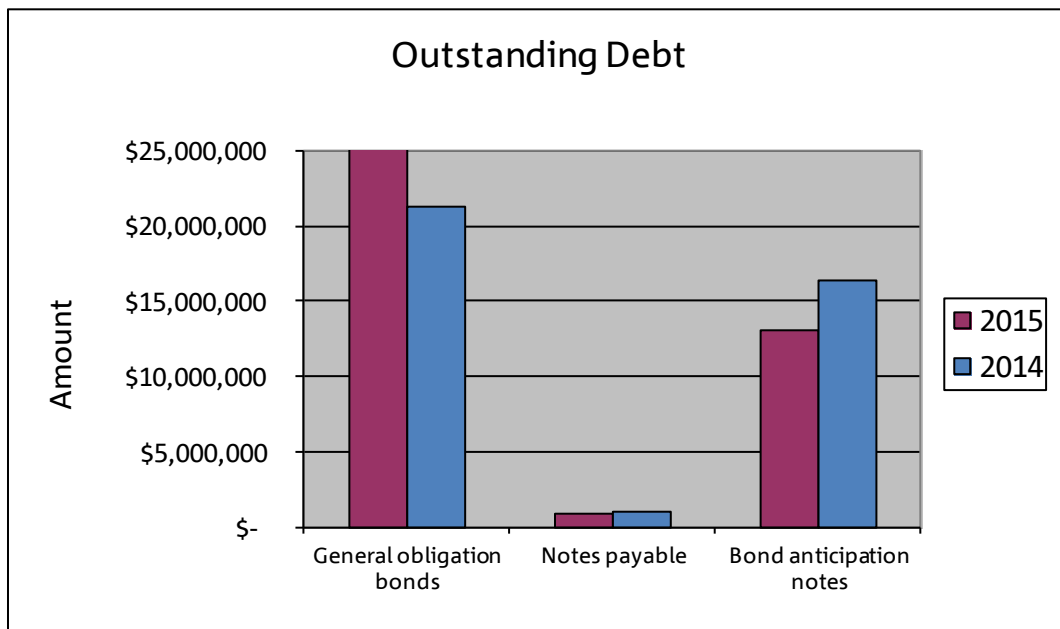
**Long-term Debt**

As of June 30, 2015 the Town's general obligation bond rating was AA as rated by Standard and Poor's in October 2014.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$243,575,339 which is significantly in excess of the Town's outstanding general obligation debt.

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

	Totals	
	2015	2014
General obligation bonds	\$ 25,390,000	\$ 21,290,000
Notes payable	827,231	993,763
Bond anticipation notes	13,050,000	16,325,000
Totals	\$ 39,267,231	\$ 38,608,763



Additional information on the Town's debt can be found in Notes G and H on pages 45 - 49 of this report.

**TOWN OF WOLCOTT, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)***  
**JUNE 30, 2015**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- The unemployment rate for the Town is currently 4.4%. This compares favorably to the state's average unemployment rate of 5.4% and the national unemployment rate of 5.5%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2016, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2016.

**REQUESTS FOR INFORMATION**

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

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## BASIC FINANCIAL STATEMENTS

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**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,675,286
Investments	835,000
Receivables:	
Property taxes and interest, net	1,201,648
Grants and contracts	1,092,024
Loans	2,241,409
Assessments, net	1,493,114
Usage, net	1,186,420
Other	171,386
Inventories	32,158
Noncurrent assets:	
Grants and contracts	2,616,526
Capital assets:	
Non-depreciable	6,575,280
Depreciable, net	76,054,590
Total assets	106,174,841
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on sewer upgrades	827,231
Deferred charge on refunding	670,640
Deferred pension benefits	416,546
	1,914,417
<b>LIABILITIES</b>	
Accounts payable	2,907,080
Accrued liabilities:	
Salaries and benefits payable	327,187
Accrued interest	391,528
Claims payable	485,759
Bond anticipation notes payable	13,050,000
Unearned revenue	118,752
Noncurrent liabilities:	
Due within one year:	3,690,680
Due in more than one year:	47,066,200
Total liabilities	68,037,186
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension benefits	2,042,423
<b>NET POSITION</b>	
Net investment in capital assets	42,649,062
Restricted for:	
Grant program purposes	142,370
Other purposes	87,670
Unrestricted	(4,869,453)
Total net position	\$ 38,009,649

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 5,940,815	\$ 359,753	\$ 305,902	\$ -	\$ (5,275,160)
Public safety	5,023,856	259,475	8,364	-	(4,756,017)
Public works	4,505,891	1,769,122	103,186	760,016	(1,873,567)
Culture and recreation	1,576,732	664,767	23,783	-	(888,182)
Health and welfare	351,613	72,959	2,044	-	(276,610)
Education	41,297,244	1,542,188	19,679,277	826,768	(19,249,011)
Interest on long-term debt	1,106,937	-	-	-	(1,106,937)
Total governmental activities	<u>59,803,088</u>	<u>4,668,264</u>	<u>20,122,556</u>	<u>1,586,784</u>	<u>(33,425,484)</u>
General revenues:					
					34,856,305
					473,259
					6,681
					<u>35,336,245</u>
					1,910,761
					51,355,077
					(15,256,189)
					<u>36,098,888</u>
					<u>\$ 38,009,649</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,755,088	\$ 4,096,819	\$ 1,489,081	\$ 31,024	\$ 2,133,643	\$ 11,505,655
Investments	490,000	-	-	-	345,000	835,000
Receivables:						
Property taxes, net	981,498	-	-	-	-	981,498
Interest on property taxes, net	220,150	-	-	-	-	220,150
Grants and contracts	3,456,653	-	-	-	251,897	3,708,550
Loans	-	-	-	2,241,409	-	2,241,409
Assessments, net	-	-	1,480,718	-	12,396	1,493,114
Usage fees, net	-	-	-	-	1,186,420	1,186,420
Other	128,418	-	-	-	31,644	160,062
Due from other funds	594,152	-	-	-	81,757	675,909
Inventories	-	-	-	-	32,158	32,158
Total assets	<u>\$ 9,625,959</u>	<u>\$ 4,096,819</u>	<u>\$ 2,969,799</u>	<u>\$ 2,272,433</u>	<u>\$ 4,074,915</u>	<u>\$ 23,039,925</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,183,634	\$ 860,607	\$ -	\$ 6,213	\$ 856,626	\$ 2,907,080
Accrued salaries and benefits payable	327,187	-	-	-	-	327,187
Bond anticipation notes payable	-	13,050,000	-	-	-	13,050,000
Due to other funds	-	86,838	-	-	389,071	475,909
Unearned revenue	22,272	-	-	24,811	71,669	118,752
Total liabilities	<u>1,533,093</u>	<u>13,997,445</u>	<u>-</u>	<u>31,024</u>	<u>1,317,366</u>	<u>16,878,928</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Property taxes and interest	1,029,152	-	-	-	-	1,029,152
Grants and contracts	3,251,217	-	-	-	-	3,251,217
Loans	-	-	-	2,241,409	-	2,241,409
Assessments	-	-	1,480,718	-	12,396	1,493,114
Usage fees	-	-	-	-	433,333	433,333
Total deferred inflows of resources	<u>4,280,369</u>	<u>-</u>	<u>1,480,718</u>	<u>2,241,409</u>	<u>445,729</u>	<u>8,448,225</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	32,158	32,158
Restricted	-	-	-	-	230,040	230,040
Committed	-	-	1,489,081	-	2,248,707	3,737,788
Assigned	56,882	-	-	-	-	56,882
Unassigned	3,755,615	(9,900,626)	-	-	(199,085)	(6,344,096)
Total fund balances (deficits)	<u>3,812,497</u>	<u>(9,900,626)</u>	<u>1,489,081</u>	<u>-</u>	<u>2,311,820</u>	<u>(2,287,228)</u>
Total liabilities, deferred inflows and fund balances (deficits)	<u>\$ 9,625,959</u>	<u>\$ 4,096,819</u>	<u>\$ 2,969,799</u>	<u>\$ 2,272,433</u>	<u>\$ 4,074,915</u>	<u>\$ 23,039,925</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total fund balance for governmental funds \$ (2,287,228)

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	3,830,774	
Construction in progress		2,744,506	
Land improvements		4,046,414	
Buildings		59,026,828	
Vehicles, machinery and equipment		15,931,316	
Infrastructure		63,707,305	
Less accumulated depreciation and amortization		<u>(66,657,273)</u>	
Total capital assets, net			82,629,870

Some of the Town's taxes, assessments, interest and loans receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 5,197,008

Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred revenue in the funds. 3,251,217

Deferred outflows/inflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position. (1,625,877)

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

Accrued interest payable		(391,528)	
Long-term debt:			
Bonds payable, net		(27,048,474)	
Deferred charges on refunding		670,640	
Other long-term liabilities:			
Notes payable		(827,231)	
Deferred charges on sewer upgrades		827,231	
Capital lease obligations		(552,974)	
Heart and Hypertension obligations		(1,117,443)	
Compensated absences		(2,902,377)	
Early retirement incentive		(7,125)	
Net pension liabilities		(11,000,167)	
Net OPEB obligation		<u>(7,301,089)</u>	
Total long-term liabilities			(49,650,537)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 495,196

Net position of governmental activities \$ 38,009,649

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



**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Capital Improvement Fund	Water Assessments Fund	Small Cities Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 34,705,469	\$ -	\$ -	\$ -	\$ -	\$ 34,705,469
Intergovernmental	20,699,671	-	-	-	1,879,497	22,579,168
Charges for services	229,717	-	296,625	117,800	3,173,397	3,817,539
Licenses, permits, and other charges	406,648	-	-	-	6,339	412,987
Interest income	5,155	-	-	67	1,459	6,681
Other revenue	215,019	-	-	-	67,165	282,184
Total revenues	<u>56,261,679</u>	<u>-</u>	<u>296,625</u>	<u>117,867</u>	<u>5,127,857</u>	<u>61,804,028</u>
<b>EXPENDITURES</b>						
Current:						
General government	6,311,196	-	-	-	50,874	6,362,070
Public safety	5,104,253	-	-	-	141,676	5,245,929
Public works	2,218,677	-	-	-	1,134,654	3,353,331
Culture and recreation	689,900	-	-	-	694,531	1,384,431
Health and welfare	188,995	-	-	117,867	26,284	333,146
Education	37,739,030	-	-	-	2,432,044	40,171,074
Capital outlays	106,871	5,716,721	-	-	445,545	6,269,137
Debt service:						
Principal payments	2,570,000	-	-	-	189,946	2,759,946
Interest and fiscal charges	852,280	73,247	-	-	20,075	945,602
Debt issuance costs	96,876	160,534	-	-	-	257,410
Capital leases	372,476	-	-	-	-	372,476
Total expenditures	<u>56,250,554</u>	<u>5,950,502</u>	<u>-</u>	<u>117,867</u>	<u>5,135,629</u>	<u>67,454,552</u>
Excess (deficiency) of revenues over expenditures	11,125	(5,950,502)	296,625	-	(7,772)	(5,650,524)
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease financing	58,117	-	-	-	-	58,117
Proceeds from refunding bond issuance	4,030,000	-	-	-	-	4,030,000
Payment to refunding bond escrow agent	(4,409,820)	-	-	-	-	(4,409,820)
Premium on bonds issued	476,696	266,238	-	-	-	742,934
Premium on bond anticipation notes	-	137,960	-	-	-	137,960
Transfers in	508,980	365,000	-	-	50,000	923,980
Transfers out	(415,000)	-	(426,604)	-	(82,376)	(923,980)
Total other financing sources (uses)	<u>248,973</u>	<u>769,198</u>	<u>(426,604)</u>	<u>-</u>	<u>(32,376)</u>	<u>559,191</u>
Net change in fund balances	260,098	(5,181,304)	(129,979)	-	(40,148)	(5,091,333)
Fund balances (deficit) - beginning	3,552,399	(4,719,322)	1,619,060	-	2,351,968	2,804,105
Fund balances (deficit) - ending	<u>\$ 3,812,497</u>	<u>\$ (9,900,626)</u>	<u>\$ 1,489,081</u>	<u>\$ -</u>	<u>\$ 2,311,820</u>	<u>\$ (2,287,228)</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ (5,091,333)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 5,694,338	
Depreciation and amortization expense	<u>(2,890,641)</u>	
Net adjustment		2,803,697

In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. (2,110)

Deferred outflows/inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities. 482,563

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(58,117)	
Refunding bonds issued	(4,030,000)	
Premium on bonds issued	(742,934)	
Loss on refunding bonds	89,820	
Principal repayments:		
Bonds and notes payable	7,056,532	
Capital lease obligations	<u>383,025</u>	
Net adjustment		2,698,326

*(Continued)*

**TOWN OF WOLCOTT, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

Accrued interest	\$ (44,292)	
Deferred charges on sewer upgrades	(166,532)	
Deferred charges on refunding	(71,606)	
Unamortized bond premium	86,878	
Heart and Hypertension obligations	410,542	
Compensated absences	52,211	
Early retirement incentive	1,425	
Net pension liabilities	2,400,857	
Net OPEB obligation	<u>(1,068,594)</u>	
		\$ 1,600,889
<p>Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows of resources.</p>		
		(559,766)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within governmental activities.</p>		
		<u>(21,505)</u>
Change in net position of governmental activities		<u><u>\$ 1,910,761</u></u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 34,566,740	\$ 34,566,740	\$ 34,705,469	\$ 138,729
Intergovernmental	15,545,292	15,545,292	15,559,559	14,267
Charges for services	296,412	296,412	141,081	(155,331)
Licenses and permits	321,300	321,300	406,648	85,348
Interest income	4,000	4,000	5,155	1,155
Other revenues	231,625	231,625	307,111	75,486
Total revenues	<u>50,965,369</u>	<u>50,965,369</u>	<u>51,125,023</u>	<u>159,654</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,460,344	6,417,767	6,361,196	(56,571)
Public safety	5,214,944	5,180,194	5,150,718	(29,476)
Public works	2,162,118	2,244,177	2,218,677	(25,500)
Culture and recreation	720,045	709,308	689,900	(19,408)
Health and welfare	188,211	194,216	188,995	(5,221)
Education	32,779,867	32,779,867	32,779,441	(426)
Debt service:				
Principal payments	2,570,000	2,570,000	2,570,000	-
Interest and fiscal charges	852,279	852,279	852,280	1
BAN payments	365,000	365,000	365,000	-
Capital leases	161,541	161,541	151,596	(9,945)
Total expenditures	<u>51,474,349</u>	<u>51,474,349</u>	<u>51,327,803</u>	<u>(146,546)</u>
Deficiency of revenues over expenditures	(508,980)	(508,980)	(202,780)	306,200
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>508,980</u>	<u>508,980</u>	<u>508,980</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>306,200</u>	<u>\$ 306,200</u>
Fund balance - beginning			<u>3,449,415</u>	
Fund balance - ending			<u>\$ 3,755,615</u>	

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - WATER ASSESSMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Water assessment phase 5	\$ 20,000	\$ 20,000	\$ 64,730	\$ 44,730
Water assessment phase 6	25,000	25,000	14,897	(10,103)
Water assessment phase 7	367,604	367,604	198,752	(168,852)
Water assessment phase 8	12,000	12,000	17,094	5,094
Water assessment phase 9	2,000	2,000	1,152	(848)
Total revenues	<u>426,604</u>	<u>426,604</u>	<u>296,625</u>	<u>(129,979)</u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
General Fund - debt service	<u>(426,604)</u>	<u>(426,604)</u>	<u>(426,604)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(129,979)</u>	<u>\$ (129,979)</u>
Fund balance - beginning			<u>1,619,060</u>	
Fund balance - ending			<u>\$ 1,489,081</u>	

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,169,631
Receivables	11,324
Total assets	1,180,955
<b>LIABILITIES</b>	
Claims payable	485,759
Due to other funds	200,000
Total liabilities	685,759
<b>NET POSITION</b>	
Unrestricted	495,196
Total net position	\$ 495,196

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services and premiums - employer	\$ 5,448,116
Charges for services and premiums - employee	1,687,453
Total operating revenues	7,135,569
<b>OPERATING EXPENSES</b>	
Claims incurred	6,520,281
Administration	636,793
Total operating expenses	7,157,074
Change in net position	(21,505)
Net position - beginning	516,701
Net position - ending	\$ 495,196

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for the following:	
Employer	\$ 5,448,116
Employee	1,774,833
Cash paid for the following:	
Benefits and claims	(6,496,629)
Administration	(636,793)
Net cash provided by operating activities	89,527
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash transfers related to interfund activity	84,417
Net cash provided by noncapital financing activities	84,417
Net increase in cash and cash equivalents	173,944
Cash and cash equivalents, beginning of year	995,687
Cash and cash equivalents, end of year	\$ 1,169,631
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (21,505)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	87,380
Increase in claims payable	23,652
Net cash provided by operating activities	\$ 89,527

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



**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,007,483	\$ 10,075	\$ 321,365
Investments, at fair value:			
Certificates of deposit	-	228,795	-
Guaranteed annuity contracts	12,016,329	-	-
Equity mutual funds	14,510,039	-	-
Bond mutual funds	2,345,430	-	-
Contributions receivable	108,689	-	-
Total assets	<u>29,987,970</u>	<u>238,871</u>	<u>\$ 321,365</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	141,809
Due to others	-	-	179,556
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 321,365</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 29,987,970</u>	<u>\$ 238,871</u>	

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund - Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,701,893	\$ -
Plan members	89,271	-
Private donations	-	1,000
Total contributions	<u>1,791,164</u>	<u>1,000</u>
Investment earnings:		
Net increase in the fair value of investments	1,519,325	-
Interest and dividends	490,496	5,831
Total investment earnings	<u>2,009,821</u>	<u>5,831</u>
Less investment fee expense	137,831	-
Net increase in investments	<u>1,871,990</u>	<u>5,831</u>
Total additions	<u>3,663,154</u>	<u>6,831</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,722,185	-
Awards expense	-	11,150
Administrative expenses	44,905	-
Total deductions	<u>1,767,090</u>	<u>11,150</u>
Change in net position	1,896,064	(4,319)
Net position - beginning	<u>28,091,906</u>	<u>243,190</u>
Net position - ending	<u>\$ 29,987,970</u>	<u>\$ 238,871</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

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

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

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

**Fund Financial Statements (Continued)**

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

**Implementation of Accounting Standards**

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Implementation of Accounting Standards**

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014.

	Governmental Activities
Net position - beginning, as originally reported	\$ 51,355,077
Adjustment to remove net pension obligation previously recognized under GASB Statement No. 27	253,275
Adjustment to record net pension liability and related deferred inflows of resources under GASB Statement No. 68	(15,509,464)
Net position - beginning, as adjusted	\$ 36,098,888

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

**Cash Equivalents**

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

**Investments**

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though they are not registered by the SEC.

**Inventories**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

**Property Taxes**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and interest on delinquent accounts is charged at a rate of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$63,173 and \$22,738, respectively, as of June 30, 2015.

Upon completion of projects, water and sewer assessments are levied and assessed to the users annually. The timing of billings is based on which phase of the assessment the property is located in. Sewer usage charges are billed annually on July 1. Water usage charges are billed quarterly. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at a rate of 1.5% per month. Liens are filed on all delinquent properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible water and sewer assessments of \$93,000 and \$8,000, respectively, as of June 30, 2015. In addition, the Town has established an allowance for uncollectible water and sewer usage of \$3,000 and \$10,000, respectively, as of June 30, 2015.

**Loans Receivable**

The Town administers a Residential Rehabilitation Loan Program for low to moderate income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2015, loans receivable totaled \$2,241,409 under this program.

**Capital Assets**

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

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

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

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and such amounts will not be recognized as an outflow of resources (expense/expenditure) until then. The Town recognizes deferred outflows of resources in the government-wide statement of net position for deferred charges on refunding and deferred charges on notes payable. The deferred charge on refunding resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt. The deferred charge on sewer upgrades resulted from costs recognized by the Town in connection with upgrades completed at the sewage treatment plant in the City of Waterbury. These amounts have been deferred and are being amortized as an expense over the life of the debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes deferred inflows of resources in the governmental funds balance sheet for unavailable revenue. Unavailable revenues from property taxes and interest thereon, intergovernmental revenues, loans receivable, assessments and usage charges receivables are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Town recognizes deferred outflows/inflows of resources in the government-wide statement of net position for deferred amounts on pension benefits resulting from changes in the components of the Town's net pension liability. These amounts are deferred and amortized as a component of pension expense.

**Compensated Absences and Employee Retirement Obligations**

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

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

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses when incurred.



**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

**Long-term Obligations (Continued)**

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

**Net Position and Fund Balances**

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

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

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

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

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

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

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

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

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

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

**Net Position and Fund Balances (Continued)**

***Net Position Flow Assumption***

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

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

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund of a minimum of 7% of the ensuing fiscal year's operating revenue, with a targeted maximum of 10%. As of June 30, 2015, unassigned fund balance in the General Fund represents 7.1% of the Town's approved fiscal year 2015-2016 General Fund budget.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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

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

**Interfund Services Provided and Used**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Interfund Activities (Continued)**

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**Use of Estimates**

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

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE**

**Budgetary Information**

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

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)**

**Budgetary Information (Continued)**

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

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2015:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 51,125,023	\$ 51,327,803	\$ 508,980	\$ 306,200
"On-behalf" payments - State Teachers Retirement Fund (see Note J)	4,143,464	4,143,464	-	-
Adjustment for encumbrances	-	46,102	-	(46,102)
Capital lease proceeds not recorded for budgetary purposes	-	58,117	58,117	-
Refunding bond proceeds not recorded for budgetary purposes	-	96,876	96,876	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	993,192	993,192	-	-
Certain transfers recorded as revenues for budgetary purposes	-	(415,000)	(415,000)	-
GAAP basis	<u>\$ 56,261,679</u>	<u>\$ 56,250,554</u>	<u>\$ 248,973</u>	<u>\$ 260,098</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE (Continued)**

**Deficit Fund Equity**

The following funds have deficit fund balances as of June 30, 2015, none of which constitutes a violation of statutory provisions:

Fund	Amount
Capital Improvement Fund	\$ (9,900,626)
Farmingbury Hills Country Club Fund	(199,085)

The deficits are expected to be eliminated through future revenue sources, bonding, and transfers in from the General Fund.

**Capital Projects Authorizations**

The following is a summary of capital projects as of June 30, 2015:

Capital Project	Authorization	Current Year Expenditures	Cumulative Expenditures	Encumbered	Balance - June 30, 2015
Spindle Hill State Grant	\$ 483,500	\$ 408,776	\$ 408,776	\$ 42,698	\$ 32,026
<b>Various Capital Projects III</b>					
Finance/bonding legal/insurance	325,000	190,794	308,663	-	16,337
Purchase of pumper/tank fire engine	499,891	-	499,891	-	-
Reconstruction/repair roads - phase I	9,187,424	1,376	9,187,424	-	-
Upgrades to Wolcott Public Schools	1,800,000	54,145	1,800,000	-	-
Waterline lower Woodtick Road	162,685	-	162,685	-	-
Walking trail at Scovil Reservoir	350,000	169,004	220,831	16,232	112,937
<b>Various Capital Projects IV</b>					
Finance/bonding legal/insurance	271,300	42,987	51,131	-	220,169
Reconstruction/repair roads - phase II	10,500,000	5,137,988	5,240,095	214,702	5,045,203
Public works building	275,000	192,767	192,767	1,404	80,829
Upgrades to Wolcott Public Schools	863,700	79,684	79,684	315,423	468,593
<b>Total</b>	<b>\$ 24,718,500</b>	<b>\$ 6,277,521</b>	<b>\$ 18,151,947</b>	<b>\$ 590,459</b>	<b>\$ 5,976,094</b>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE C - CASH DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of the following as of June 30, 2015:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 12,675,286
Statement of fiduciary net position:	
Cash and cash equivalents	1,338,923
	14,014,209
Add: certificates of deposit considered as cash deposits for disclosure purposes	228,795
Less: cash equivalents considered investments for disclosure purposes	(2,366,691)
	\$ 11,876,313

**Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town’s policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2015, \$12,335,996 of the Town’s bank balance of \$13,242,512 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,102,396
Uninsured and collateralized with securities held by the pledging bank’s trust department or agent but not in the Town’s name	1,233,600
	\$ 12,335,996

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Investments**

A reconciliation of the Town's investments as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Investments	\$ 835,000
Statement of fiduciary net position:	
Investments	29,100,593
	29,935,593
Add: cash equivalents considered investments for disclosure purposes	
	2,366,691
Less: certificates of deposit considered as cash deposits for disclosure purposes	
	(228,795)
	\$ 32,073,489

As of June 30, 2015, the Town's investments consisted of the following:

Investment type	Credit Rating	Fair Value	Investment Maturities (In Years)	
			Less Than 1	1 to 5
<b>Debt Securities:</b>				
Pooled fixed income accounts	AAA	\$ 1,609,311	\$ 1,609,311	\$ -
Certificates of Deposit	Unrated	835,000	590,000	245,000
Guaranteed annuity contract	Unrated	12,016,329	12,016,329	-
Money market mutual funds	Unrated	757,380	757,380	-
		15,218,020	\$ 14,973,020	\$ 245,000
<b>Other investments:</b>				
Equity mutual funds		14,510,039		
Bond mutual funds		2,345,430		
		\$ 32,073,489		

Because pooled fixed income accounts and the money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Investments (Continued)**

**Interest Rate Risk**

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

**Credit Risk**

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

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

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy defines certain requirements that financial dealers and institutions must to become qualified bidders to provide services to the Town. The Town's investments consist primarily of investments in pooled fixed income accounts, mutual funds and a guaranteed annuity contract, and are therefore not exposed to custodial credit risk as they are pooled investments rather than separate identifiable securities.

**Concentrations of Credit Risk**

The Town's investment policy restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. More than 10 percent of the Town's investments are in certain mutual funds and a guaranteed annuity contract. These investments are held within the pension trust funds and are considered diversified by nature.



**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,830,774	\$ -	\$ -	\$ 3,830,774
Construction in progress	693,835	2,302,331	(251,660)	2,744,506
Total capital assets, not being depreciated	<u>4,524,609</u>	<u>2,302,331</u>	<u>(251,660)</u>	<u>6,575,280</u>
Capital assets, being depreciated:				
Land improvements	3,914,634	131,780	-	4,046,414
Buildings	58,787,301	239,527	-	59,026,828
Vehicles, machinery and equipment	15,703,554	235,912	(8,150)	15,931,316
Infrastructure	60,670,857	3,036,448	-	63,707,305
Total capital assets, being depreciated	<u>139,076,346</u>	<u>3,643,667</u>	<u>(8,150)</u>	<u>142,711,863</u>
Less accumulated depreciation and amortization for:				
Land improvements	2,841,935	108,078	-	2,950,013
Buildings	24,105,164	1,081,955	-	25,187,119
Vehicles, machinery and equipment	11,013,760	873,381	(6,040)	11,881,101
Infrastructure	25,811,813	827,227	-	26,639,040
Total accumulated depreciation and amortization	<u>63,772,672</u>	<u>2,890,641</u>	<u>(6,040)</u>	<u>66,657,273</u>
Total capital assets, being depreciated, net	<u>75,303,674</u>	<u>753,026</u>	<u>(2,110)</u>	<u>76,054,590</u>
Governmental activities capital assets, net	<u>\$ 79,828,283</u>	<u>\$ 3,055,357</u>	<u>\$ (253,770)</u>	<u>\$ 82,629,870</u>

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

<b>Governmental Activities:</b>	
General government	\$ 122,229
Public safety	648,196
Public works	995,506
Culture and recreation	170,770
Education	953,940
Total depreciation and amortization expense - governmental activities	<u>\$ 2,890,641</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Nonmajor governmental funds	\$ 389,071
	Capital Improvement Fund	5,081
	Internal Service Fund	200,000
		594,152
Nonmajor governmental funds	Capital Improvement Fund	81,757
		\$ 675,909

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

**NOTE F - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds</b>		
General Fund	Water Assessment Fund	\$ 426,604
	Nonmajor governmental funds	82,376
		508,980
Capital Improvement Fund	General Fund	365,000
Nonmajor governmental funds	General Fund	50,000
		\$ 923,980
Total transfers		

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE G - SHORT-TERM LIABILITIES**

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>						
Bond anticipation notes	10/2015	1.25%	\$ -	\$ 13,050,000	\$ -	\$ 13,050,000
Bond anticipation notes	10/2014	1.25%	5,365,000	-	(5,365,000)	-
Bond anticipation notes	10/2014	0.50%	4,000,000	-	(4,000,000)	-
			<u>\$ 9,365,000</u>	<u>\$ 13,050,000</u>	<u>\$ (9,365,000)</u>	<u>\$ 13,050,000</u>

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

**NOTE H - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning Balance (Restated per Note A)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 21,290,000	\$ 10,990,000	\$ (6,890,000)	\$ 25,390,000	\$ 2,710,000
Bond anticipation note	6,960,000	-	(6,960,000)	-	-
Unamortized premium	1,002,418	742,934	(86,878)	1,658,474	-
Total bonds payable	29,252,418	11,732,934	(13,936,878)	27,048,474	2,710,000
Other liabilities:					
Notes payable	993,763	-	(166,532)	827,231	168,908
Capital lease obligations	877,882	58,117	(383,025)	552,974	330,562
Heart and Hypertension obligation	1,527,985	-	(410,542)	1,117,443	60,188
Compensated absences	2,954,588	65,488	(117,699)	2,902,377	419,597
Early retirement incentive	8,550	-	(1,425)	7,125	1,425
Net pension liabilities	13,401,024	-	(2,400,857)	11,000,167	-
Net OPEB obligation	6,232,495	1,068,594	-	7,301,089	-
	<u>\$ 55,248,705</u>	<u>\$ 12,925,133</u>	<u>\$ (17,416,958)</u>	<u>\$ 50,756,880</u>	<u>\$ 3,690,680</u>

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2015 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	03/2002	\$ 800,000	6.25% - 6.5%	06/2022	\$ 175,000
General Obligation Refunding Bonds	11/2004	8,476,680	3.0% - 4.0%	08/2019	2,485,000
General Obligation Refunding Bonds	08/2010	12,785,000	2.0% - 5.0%	08/2021	8,215,000
General Obligation Bonds	08/2010	4,465,000	3.0% - 4.125%	08/2029	3,525,000
General Obligation Bonds	10/2014	6,960,000	2.0% - 4.0%	10/2033	6,960,000
General Obligation Refunding Bonds	01/2015	4,030,000	2.0% - 4.0%	08/2025	4,030,000
					\$ 25,390,000

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2015:

<u>Year ending</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,710,000	\$ 1,070,819	\$ 3,780,819
2017	2,600,000	860,750	3,460,750
2018	2,780,000	757,825	3,537,825
2019	2,750,000	643,788	3,393,788
2020	2,760,000	525,563	3,285,563
2021-2025	6,880,000	1,458,863	8,338,863
2026-2030	3,325,000	550,600	3,875,600
2031	1,585,000	96,975	1,681,975
	\$ 25,390,000	\$ 5,965,183	\$ 31,355,183

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$243,575,339 as of June 30, 2015. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

**Authorized, Unissued Bonds**

As of June 30, 2015, the Town had authorized but unissued bonds totaling \$3,697,315 for various ongoing construction projects.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**General Obligation Bonds (Continued)**

**School Bond Reimbursements**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. Additional reimbursements of principal and interest aggregating \$3,251,217 and \$340,092, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position. The long-term portion of \$2,616,526 will be realized by the Town through fiscal year 2022.

**Refundings**

On January 27, 2015, the Town issued \$4,030,000 in general obligation bonds with an average interest rate of 3.39% to refund \$4,320,000 of outstanding 2006 general obligation bonds, with an average interest rate of 4.21%. The transaction generated a cash flow savings of \$408,842 and an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$392,048. The reacquisition price exceeded the carrying value of the old debt by \$89,820. This amount is presented as a deferred outflow of resources on the government-wide statement of net position and will be amortized over the life of the debt.

The net proceeds of \$4,409,820 was deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United State of America, to provide all future debt service payments on the refunding bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position.

**Notes Payable**

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

A summary of the Town's portion of the clean water notes payable outstanding at June 30, 2015 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
Notes Payable					
Clean Water Loan - 201D1	07/1997	\$ 210,610	2.0%	07/2016	\$ 13,024
Clean Water Loan - 201C3	06/2004	2,763,392	2.0%	06/2020	814,207
					\$ 827,231

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Notes Payable (Continued)**

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2015:

Year ending June 30:	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2016	\$ 168,908	\$ 15,014	\$ 183,922
2017	160,071	11,700	171,771
2018	162,776	8,478	171,254
2019	166,062	5,193	171,255
2020	169,414	1,840	171,254
	<u>\$ 827,231</u>	<u>\$ 42,225</u>	<u>\$ 869,456</u>

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2015:

	Governmental Activities
Machinery and equipment	\$ 1,009,678
Less: accumulated amortization	599,757
	<u>\$ 409,921</u>

Amortization expense relative to leased property under capital leases totaled \$155,128 for the year ended June 30, 2015 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

Year ending June 30:	Governmental Activities
2016	\$ 342,022
2017	159,546
2018	67,239
Total minimum lease payments	568,807
Less: amount representing interest	(15,833)
Present value of minimum lease payments	<u>\$ 552,974</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Heart and Hypertension Obligations**

The Town's estimated liability for heart and hypertension obligations as of June 30, 2015 is \$1,117,443. Currently, one spousal and one direct beneficiary receive weekly benefit payments that are subject to annual COLA adjustments. The total liability decreased in the current year, due to the death of one beneficiary with estimated payouts of \$310,746, in addition to current year benefit payments. The total estimated liability has been established based upon a life expectancy assumption for each individual receiving weekly benefit payments.

**Early Retirement Incentive**

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

**NOTE I - FUND BALANCE**

The various components of fund balance at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Water Assessments Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 32,158	\$ 32,158
Restricted for:					
Grant programs	-	-	-	154,653	154,653
Donor restrictions	-	-	-	15,611	15,611
Open space	-	-	-	53,155	53,155
Public safety	-	-	-	6,621	6,621
Committed to:					
General government	-	-	-	229,830	229,830
Public safety	-	-	-	194,850	194,850
Culture and recreation	-	-	-	147,053	147,053
Health and welfare	-	-	-	5,422	5,422
Education	-	-	-	436,048	436,048
Capital outlay	-	-	-	803	803
Water and sewer operations	-	-	-	1,234,701	1,234,701
Debt repayment	-	-	1,489,081	-	1,489,081
Assigned to:					
Education	56,882	-	-	-	56,882
Unassigned	3,755,615	(9,900,626)	-	(199,085)	(6,344,096)
	<u>\$ 3,812,497</u>	<u>\$ (9,900,626)</u>	<u>\$ 1,489,081</u>	<u>\$ 2,311,820</u>	<u>\$ (2,287,228)</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Plans**

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

**Town General Pension Plan**

**Plan Description**

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

*Plan membership* - Eligible regular full-time employees of the Town and Police are members of the Town Plan. Eligible employees become members after completion of one year of service. Non-union Town employees are not permitted to participate in the plan after June 30, 2011. At January 1, 2015, the valuation date, Town Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	54
Terminated members entitled to, but not yet receiving benefits	27
Active members	81
	162

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

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

For police officers, the benefit is based on 50% of final average earnings less 2.5% for each year of service if less than 20 years plus 2% of final earnings for years of service in excess of 25 years, with a maximum of 30 years of service. Final average salary is defined as average total earnings that are subject to Federal Income Taxes for the five consecutive calendar years in the last ten calendar years that gives the highest average.

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



**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Plan Description (Continued)**

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

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

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

**Summary of Significant Accounting Policies**

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

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

*Concentrations* - The Town Plan's investments consist solely of investments in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

*Rate of return* - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Net Pension Liability of the Town Plan**

The components of the net pension liability of the Town Plan at June 30, 2015, were as follows:

Total pension liability	\$ 26,835,610
Plan fiduciary net position	<u>17,792,617</u>
Town's net pension liability - Town Plan	<u>\$ 9,042,993</u>
Plan fiduciary net position as a percentage of the total pension liability	66.3%

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2015, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2014	\$ 27,154,977	\$ 16,569,243	\$ 10,585,734
<b>Changes for the year:</b>			
Service cost	745,140	-	745,140
Interest	1,974,211	-	1,974,211
Actuarial (gains) losses	(2,013,812)	-	(2,013,812)
Contributions - employer	-	1,058,150	(1,058,150)
Contributions - employee	-	107,189	(107,189)
Net investment income	-	1,185,216	(1,185,216)
Benefit payments, including refunds	(1,024,906)	(1,024,906)	-
Administrative expense	-	(102,275)	102,275
<b>Net changes</b>	<u>(319,367)</u>	<u>1,223,374</u>	<u>(1,542,741)</u>
Balance as of June 30, 2015	<u>\$ 26,835,610</u>	<u>\$ 17,792,617</u>	<u>\$ 9,042,993</u>

*Actuarial assumptions* - The total pension liability for the Town Plan was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	Varies with age and position
Investment rate of return	8.00%
Discount rate	8.00%

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J – EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Net Pension Liability of the Town Plan (Continued)**

The long-term expected rate of return on the Town Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Town Plan’s target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities - domestic	75%	6.70%
Core fixed income	16%	1.60%
High-yield fixed income	4%	4.45%
Cash	5%	1.00%

*Discount rate* - The discount rate used to measure the total pension liability of the Town Plan was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Town Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Town Plan, calculated using the discount rate of 8.00% as well as what the Town Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town Plan's net pension liability as of June 30, 2015	\$ 12,199,215	\$ 9,042,993	\$ 6,366,506

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Town General Pension Plan (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2015, the Town recognized pension expense related to the Town Plan of \$1,049,488. At June 30, 2015, the Town reported deferred outflows and inflows of resources related to the Town Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 35,183	\$ -
Changes of assumptions and demographics	-	1,569,262
Total	<u>\$ 35,183</u>	<u>\$ 1,569,262</u>

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

Year ended June 30,	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 8,796	444,550
2017	8,796	444,550
2018	8,796	444,550
2019	8,795	235,612
	<u>\$ 35,183</u>	<u>\$ 1,569,262</u>

**Payable to the Town Plan**

The Town has reported a liability of \$107,189 payable to the Town Plan as of June 30, 2015 for the outstanding amount of contributions to the Town Plan required for the year ended June 30, 2015.

**Board of Education Pension Plan**

**Plan Description**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Plan Description (Continued)**

*Plan membership* - Eligible regular full-time employees of the Board of Education are members of the Board Education Plan. Eligible employees become members after completion of one year of service. At September 1, 2014, the valuation date, Pension Plan membership consisted of the following:

Retired participants and beneficiaries receiving benefits	77
Terminated members entitled to, but not yet receiving benefits	23
Active members	94
	<u>194</u>

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

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

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

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

**Summary of Significant Accounting Policies**

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

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

*Concentrations* - The Board of Education Plan's investments consist solely of investments in a guaranteed annuity contract and are therefore not exposed to concentrations of credit risk, as this investment is considered to be diversified by nature.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Rate of return* - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.18%. 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 Board of Education Plan**

The components of the net pension liability of the Board of Education Plan at June 30, 2015, were as follows:

Total pension liability	\$ 13,975,003
Plan fiduciary net position	<u>12,017,829</u>
Town's net pension liability	<u>\$ 1,957,174</u>
Plan fiduciary net position as a percentage of the total pension liability	86.0%

The components of the change in the net pension liability of the Board of Education Plan for the year ended June 30, 2015, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2014	\$ 13,599,692	\$ 10,784,402	\$ 2,815,290
<b>Changes for the year:</b>			
Service cost	278,025	-	278,025
Interest	992,977	-	992,977
Actuarial (gains) losses	(684,393)	-	(684,393)
Change of assumptions	508,697	-	508,697
Contributions - employer	-	1,226,677	(1,226,677)
Net investment income	-	788,429	(788,429)
Benefit payments, including refunds	(719,995)	(719,995)	-
Administrative expense	-	(61,684)	61,684
<b>Net changes</b>	<u>375,311</u>	<u>1,233,427</u>	<u>(858,116)</u>
Balance as of June 30, 2015	<u>\$ 13,975,003</u>	<u>\$ 12,017,829</u>	<u>\$ 1,957,174</u>

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Net Pension Liability of the Board of Education Plan (Continued)**

*Actuarial assumptions* - The total pension liability for the Board of Education Plan was determined by an actuarial valuation as of September 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.00%
Investment rate of return	7.50%
Discount rate	7.50%

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60%	6.70%
Fixed Income	40%	1.60%

*Discount rate* - The discount rate used to measure the total Board of Education pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Board of Education contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Board of Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Board of Education Pension Plan (Continued)**

**Net Pension Liability of the Board of Education Plan (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Board of Education Plan, calculated using the discount rate of 7.50% as well as what the Board of Education Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
BOE Plan's net pension liability as of June 30, 2015	\$ 3,376,692	\$ 1,957,174	\$ 744,465

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2015, the Town recognized pension expense related to the Board of Education Plan of \$460,359. At June 30, 2015, the Town reported deferred inflows of resources related to the Board of Education Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 381,363	\$ -
Changes of assumptions and demographics	-	473,161
Total	\$ 381,363	\$ 473,161

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2016	\$ 164,423	211,232
2017	164,423	211,232
2018	45,100	50,697
2019	7,417	-
	\$ 381,363	\$ 473,161

**Payable to the Board of Education Plan**

The Town has reported a liability of \$1,500 payable to the Board of Education Plan as of June 30, 2015 for the outstanding amount of contributions to the Board of Education Plan required for the year ended June 30, 2015.



**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Money Purchase Defined Contribution Pension Plan**

Effective July 1, 2011, the Town established a defined contribution pension plan to recognize the contributions made to the successful operation of the Town by its employees and to reward such contributions by providing retirement benefits to eligible participants under this plan. The Trustee of the plan is VOYA Retirement and Insurance and Annuity Company with the Town serving as the plan administrator. The plan operates on a calendar year. Employees who are 18 years of age and have 1,000 hours of service to the Town shall become participants under the plan. Employees who are eligible under the Town's defined benefit pension plan are excluded from participation in this plan. The Town contributes 6% of the employee's salary to the plan. Employees are obligated to make mandatory contributions of 3%, with a maximum of 10%, of aggregate compensation. Town and employee contributions for the fiscal year 2015 were \$33,376 and \$16,688, respectively. Employees will be 100% vested in mandatory participant contributions. Participants will vest in accordance with the following schedule in regards to Town contributions:

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

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

Changes to the plan must be approved by resolution of the Town Council except for plan changes necessary to comply with changes to Code, Regulation, Revenue Ruling, and other Internal Revenue Service published statements. The Town has authorized Pullman and Comley, LLP, to make such changes.

**Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2015, plan members of the Town contributed \$1,173,442 to the plan and covered payroll for the year was \$16,185,407.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Teachers' Retirement System (Continued)**

The Town has recognized on-behalf payments of \$4,143,464 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$43.1 million or approximately 0.425% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	7.30%
Developed Non-U.S. Equities	18.0%	7.50%
Emerging Markets (Non-U.S.)	9.0%	8.60%
Core Fixed Income	7.0%	1.70%
Inflation Linked Bonds	3.0%	1.30%
Emerging Market Bonds	5.0%	4.80%
High Yield Bonds	5.0%	3.70%
Real Estate	7.0%	5.90%
Private Equity	11.0%	10.90%
Alternative Investment	8.0%	0.70%
Liquidity Fund	6.0%	0.40%

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Teachers' Retirement System (Continued)**

The discount rate used to measure the total pension liability was 8.50%. 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 State contributions will be made at the actuarially determined rates in future years. 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1% Decrease (7.50%)	Current Discount (8.50%)	1% Increase (9.50%)
Town proportionate share of the net pension liability	\$55.1 million	\$43.1 million	\$33.0 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Descriptions**

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

At July 1, 2014, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	197
Current active participants	401
	598

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Funding Policy**

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

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

**Town of Wolcott**

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

**Board of Education**

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

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Annual OPEB Cost and Net OPEB Obligation**

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 cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 1,953,186
Interest on net OPEB obligation	249,300
Adjustment to annual required contribution	<u>(408,770)</u>
Annual OPEB cost (expense)	1,793,716
Contributions made	<u>725,122</u>
Increase in net OPEB obligation	1,068,594
Net OPEB obligation, beginning of year	<u>6,232,495</u>
Net OPEB obligation, end of year	<u><u>\$ 7,301,089</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 years ended June 30, 2013 through 2015 is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,778,265	42.4%	\$ 5,085,586
2014	1,827,466	37.2%	6,232,495
2015	1,793,716	40.4%	7,301,089

**Funded Status and Funding Progress**

The funded status of both plans as of the date of the most recent actuarial valuations was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 19,045,930	\$ (19,045,930)	0.0%	\$23,838,631	79.9%

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**Funded Status and Funding Progress (Continued)**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Unit Credit
Amortization method:	30-year Amortization Closed
Remaining amortization period:	24 years as of July 1, 2014
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	4.00%
Healthcare cost trend rate - Nonmedicare	7.50% for 2014-2015 graded to 5.00% over five years
Healthcare cost trend rate	6.50% for 2014-2015 graded to 5.00% over three years
Drug cost trend rate	8.50% for 2014-2015 graded to 5.00% over seven years
Dental cost trend rate	5.00%

**NOTE L - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2015, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE L - RISK MANAGEMENT (Continued)**

The Internal Service Fund was established on July 1, 1996 to provide health coverage for Town and Board of Education employees previously covered by insured hospital and major medical insurance. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$200,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2015. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2014 and 2015 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2014	\$ 428,814	\$ 6,476,696	\$ 6,443,403	\$ 462,107
2015	462,107	6,520,281	6,496,629	485,759

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

**NOTE M - COMMITMENTS AND CONTINGENCIES**

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

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

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

As of June 30, 2015, the Town has recorded \$56,882 in encumbrances. Such encumbrances have been included in assigned fund balance in the accompanying balance sheet of governmental funds as of June 30, 2015.

**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)**

**Inter-municipal Agreements and Commitments**

**Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an intercommunity agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta) in Bristol, Connecticut. The governing board consists of city officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$409,017 in the current fiscal year.

As reflected in BRRFOC's financial statements as of June 30, 2014, the most recent audited statements available, unrestricted net position totaled \$10.1 million and the unassigned fund balance totaled \$7.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

In April 2005, BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 3.0% to 5.0% to currently refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Covanta. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. These bonds have been defeased.

**NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.



**TOWN OF WOLCOTT, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

**NOTE O - SUBSEQUENT EVENTS**

In October 2015, the Town issued \$16,595,000 of general obligation bond anticipation notes which were used to retire the previously outstanding notes. These notes bear interest rates ranging from 1.63% to 2.00% and mature in October 2016.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**TOWN GENERAL PENSION PLAN**  
**JUNE 30, 2015**

	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>		
Service cost	\$ 745,140	\$ 774,852
Interest	1,974,211	1,888,726
Changes in benefit terms	-	-
Differences between expected and actual experience	(1,339,217)	-
Changes of assumptions	(674,595)	(1,497,403)
Benefit payments, including refunds	(1,024,906)	(981,367)
Net change in total pension liability	(319,367)	184,808
Total pension liability - beginning	27,154,977	26,970,169
Total pension liability - ending	26,835,610	27,154,977
 <b>Plan fiduciary net position</b>		
Contributions - employer	1,058,150	1,025,000
Contributions - members	107,189	92,812
Net investment income	1,185,216	2,814,892
Benefit payments, including refunds	(1,024,906)	(981,367)
Administrative expense	(102,275)	(121,809)
Net change in plan fiduciary net position	1,223,374	2,829,528
Plan fiduciary net position - beginning	16,569,243	13,739,715
Plan fiduciary net position - ending	17,792,617	16,569,243
 <b>Town's net pension liability</b>	 \$ 9,042,993	 \$ 10,585,734
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	 66.30%	 61.02%
 <b>Covered employee payroll</b>	 \$ 5,635,836	 \$ 5,408,348
 <b>Town's net pension liability as a percentage of covered employee payroll</b>	 160.46%	 195.73%

**Notes to Schedule:**

**Benefit Changes**      None noted

**Assumption Changes**   None noted

**Note:**                      The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**TOWN GENERAL PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,058,150	\$ 1,022,367
Contributions in relation to the actuarially determined contribution	<u>1,058,150</u>	<u>1,025,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (2,633)</u>
Covered employee payroll	\$ 5,635,836	\$ 5,408,348
Contributions as a percentage of covered employee payroll	18.78%	18.95%
Annual money-weighted rate of return, net of investment expense	7.18%	20.98%

**Notes to Schedule:**

**Valuation Date** January 1, 2015

Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Remaining amortization period</b>	24 years remaining as of valuation date
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years
<b>Inflation</b>	3.50%
<b>Investment rate of return</b>	8.00%
<b>Salary increases</b>	Varies from 0.00% to 11.40%
<b>Retirement age</b>	Age 65 for Town Employees. Normal retirement age for Police Employees
<b>Mortality</b>	
Healthy:	RP-2000 Combined Healthy Mortality Table Projected 14 years with Scale AA
Disabled:	RP-2000 Disabled Retiree Mortality Table Projected 14 years with Scale AA

**Note:** The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**BOARD OF EDUCATION PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 278,025	\$ 299,308
Interest	992,977	947,559
Changes in benefit terms	-	-
Differences between expected and actual experience	(684,393)	-
Changes of assumptions	508,697	353,104
Benefit payments, including refunds	<u>(719,995)</u>	<u>(670,184)</u>
Net change in total pension liability	375,311	929,787
Total pension liability - beginning	<u>13,599,692</u>	<u>12,669,905</u>
Total pension liability - ending	<u>13,975,003</u>	<u>13,599,692</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	1,226,677	557,457
Net investment income	788,429	1,458,383
Benefit payments, including refunds	(719,995)	(670,184)
Administrative expense	<u>(61,684)</u>	<u>(57,505)</u>
Net change in plan fiduciary net position	1,233,427	1,288,151
Plan fiduciary net position - beginning	<u>10,784,402</u>	<u>9,496,251</u>
Plan fiduciary net position - ending	<u>12,017,829</u>	<u>10,784,402</u>
<b>Town's net pension liability</b>	<u>\$ 1,957,174</u>	<u>\$ 2,815,290</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	86.00%	79.30%
<b>Covered employee payroll</b>	\$ 2,984,471	\$ 3,196,222
<b>Town's net pension liability as a percentage of covered employee payroll</b>	65.58%	88.08%

**Notes to Schedule:**

**Benefit Changes**      None noted

**Assumption Changes**    None noted

**Note:**                      The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**BOARD OF EDUCATION PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 642,343	\$ 570,934
Contributions in relation to the actuarially determined contribution	<u>655,743</u>	<u>544,934</u>
Contribution deficiency (excess)	<u>\$ (13,400)</u>	<u>\$ 26,000</u>
Covered employee payroll	\$ 2,984,471	\$ 3,196,222
Contributions as a percentage of covered employee payroll	21.97%	17.05%
Annual money-weighted rate of return, net of investment expense	7.18%	15.11%

**Notes to Schedule:**

**Valuation Date** September 1, 2014

Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level dollar amount, closed
<b>Remaining amortization period</b>	20 years as of September 1, 2014
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years.
<b>Inflation</b>	3.00%
<b>Investment rate of return</b>	7.50%
<b>Salary increases</b>	4.00%
<b>Retirement age</b>	Age 62 with 5 years of service for Non-Custodial Group Age 60 with 30 years of service or age 65 with 5 years of service for Custodial
<b>Mortality</b>	RP2000 Combined Healthy Mortality Table Projected 14 years with scale AA

**Note:** The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (UNAUDITED)**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
(Dollar amounts in thousands)

	<b>2015</b>
Town's proportion of the net pension liability	0.425%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	43,148
Total	\$ 43,148
Town's covered payroll	\$ 16,185
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

**Notes to Schedule:**

Valuation Date	June 30, 2014
Measurement Date	June 30, 2014
Reporting Date	June 30, 2015

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

**Note:** The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

**TOWN OF WOLCOTT, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (UNAUDITED)**  
**JUNE 30, 2015**

<b>Other Post-Employment Benefits Program</b>						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 18,646,344	\$ 18,646,344	0.0%	\$ 25,203,401	74.0%
July 1, 2010	-	21,462,037	21,462,037	0.0%	21,419,478	100.2%
July 1, 2012	-	20,645,315	20,645,315	0.0%	24,373,895	84.7%
July 1, 2014	-	19,045,930	19,045,930	0.0%	23,838,631	79.9%

*See accompanying Independent Auditor's Report.*



## **APPENDIX B-1 – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION - BONDS**

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

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

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Wolcott, Connecticut (the "Town") of its \$4,590,000 General Obligation Bonds, Issue of 2016, dated October 20, 2016, maturing October 15, 2017-2033 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of October 20, 2016, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

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

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

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

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or

appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

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

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals or corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

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

4. We are of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

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

Very truly yours,

Shipman & Goodwin LLP

## **CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.**

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

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

The Code provides, however, that for most corporations, 75% of the excess of adjusted current earnings (which includes 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 designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

*Changes in Federal Tax Law.* Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

*Other.* As noted above, interest on the Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

## **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

#### **ORIGINAL ISSUE DISCOUNT.**

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

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

#### **ORIGINAL ISSUE PREMIUM.**

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

\* \* \* \* \*

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. No assurance can be given that future 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. No assurance can be given that future legislation, or amendments to the Connecticut income tax law, if enacted into law, will not contain provisions which 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.

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

## APPENDIX B-2 - FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION - NOTES

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

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

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Wolcott, Connecticut (the "Town") of its \$11,710,000 General Obligation Bond Anticipation Notes, dated October 20, 2016, maturing October 19, 2017 (the "Notes").

In connection with our representation of the Town as bond counsel with respect to the Notes, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of October 20, 2016, the executed Notes, and certified records of proceedings of the Town authorizing the Notes. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

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

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

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

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes if interest on the Notes is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in

the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

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

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals or corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

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

4. We are of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Notes and the enforceability of the Notes and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

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

Very truly yours,

Shipman & Goodwin LLP

## **CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.**

The following is a brief discussion of certain federal income tax matters with respect to the Notes under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

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

The Code provides, however, that for most corporations, 75% of the excess of adjusted current earnings (which includes 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 Notes will not be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

*Changes in Federal Tax Law.* Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation proposed or enacted after the date of issuance of the Notes will not have an adverse effect on the tax exempt status or the market price of the Notes.

*Other.* As noted above, interest on the Notes may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Notes may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Notes may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.



## **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Notes 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 the Notes (the "OID Notes") may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of the OID Notes is sold will constitute original issue discount ("OID"). The offering price relating to the yield set forth on the cover page of this Official Statement for the OID Notes is expected to be the initial offering price to the public at which a substantial amount of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Note, OID treated as having accrued while the owner holds the OID Note will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Note. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Note will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Note by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

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

**ORIGINAL ISSUE PREMIUM.**

The initial public offering price of the Notes (the “OIP Notes”) may be more than the stated principal amount. An owner who purchases a Note at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Note for federal income tax purposes. Prospective purchasers of OIP Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

\* \* \* \* \*

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. No assurance can be given that future legislation, or amendments to the Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes 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.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

## **APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT - BONDS**

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

### **CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (the "Agreement") is made as of the 20<sup>th</sup> day of October, 2016 by the Town of Wolcott, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$4,590,000 General Obligation Bonds, Issue of 2016, dated October 20, 2016 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

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

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

### **Section 2. Annual Financial Information.**

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2016), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

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

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the Town per capita,
- G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2016. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

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

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

### **Section 3. Listed Events.**

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; 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 Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

**Section 5. Use of Agents.**

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

**Section 6. Termination.**

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

**Section 7. Identifying Information.**

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

**Section 8. Enforcement.**

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Mayor receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Mayor is Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

**Section 9. Miscellaneous.**

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

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

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF WOLCOTT, CONNECTICUT

By \_\_\_\_\_  
Thomas G. Dunn  
Mayor

By \_\_\_\_\_  
Anthony J. Marino  
Treasurer

## APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT - NOTES

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes, pursuant to a Continuing Disclosure Agreement for the Notes in substantially the following form:

### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 20<sup>th</sup> day of October, 2016 by the Town of Wolcott, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of \$11,710,000 General Obligation Bond Anticipation Notes of the Town, dated October 20, 2016 (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

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

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

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

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

### **Section 2. Listed Events.**

The Town agrees to provide, or cause to be provided, in a timely manner, but not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Notes:

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



material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Notes;

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

### **Section 3. Use of Agents.**

Any notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purposes from time to time.

### **Section 4. Termination.**

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

### **Section 5. Identifying Information.**

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

### **Section 6. Enforcement.**

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 hereof) from the time the Mayor receives written notice from any beneficial owner of the Notes of such failure. The present address of the Mayor is Town of Wolcott, Town Hall, 10 Kenea Avenue, Wolcott, Connecticut 06716.

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

**Section 7. Miscellaneous.**

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

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

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Notes. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB.

TOWN OF WOLCOTT, CONNECTICUT

By \_\_\_\_\_  
Thomas G. Dunn  
Mayor

By \_\_\_\_\_  
Anthony J. Marino  
Treasurer

**APPENDIX D – NOTICES OF SALE**

**NOTICE OF SALE**

**\$4,590,000**

**TOWN OF WOLCOTT, CONNECTICUT**

**GENERAL OBLIGATION BONDS, ISSUE OF 2016, BOOK-ENTRY-ONLY**

**ELECTRONIC PROPOSALS via PARITY®** (“PARITY”) will be received by the Town of Wolcott, Connecticut (the "Town"), at FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033 until **11:30 A.M. (Eastern Daylight Time) on TUESDAY,**

**OCTOBER 11, 2016**

for the purchase, when issued, of the whole of the Town's \$4,590,000 General Obligation Bonds, Issue of 2016, dated October 20, 2016, bearing interest payable semiannually on April 15 and October 15 in each year until maturity, commencing October 15, 2017, and maturing on October 15 in each year as follows:

\$205,000 in 2017 through 2018, both inclusive  
\$250,000 in 2019 through 2021, both inclusive  
\$275,000 in 2022 through 2024, both inclusive  
\$300,000 in 2025 through 2028, both inclusive  
\$285,000 in 2029 through 2031, both inclusive  
\$275,000 in 2032 through 2033, both inclusive

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about October 20, 2016. The Bonds **will not** be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

The Bonds maturing on or before October 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after October 15, 2024, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><u>Redemption Dates</u></b>	<b><u>Redemption Price</u></b>
October 15, 2024 and thereafter	100%

**Proposals.** All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$4,590,000 Bonds, or for less than par and accrued interest, will be considered.**

**Basis of Award.** As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder 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 October 20, 2016, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

**Electronic Proposals Bidding Procedure.** Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY by **11:30 A.M. (Eastern Daylight Time), on Tuesday, October 11, 2016.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

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

to, arrangements with and submission of proposals via PARITY are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

**Bond Counsel Opinion.** The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to the purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations, and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

**Preliminary Official Statement and Official Statement.** The Town has prepared a Preliminary Official Statement dated October 3, 2016 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

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

**DTC Book-Entry.** The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as

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

**Certifying, Transfer and Paying Agent; Registrar.** The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

**CUSIP Numbers.** The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Continuing Disclosure Agreement.** The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

**Reoffering Price. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES FOR THE BONDS AT WHICH A SUBSTANTIAL PORTION OF THE BONDS WERE SOLD.**

**Additional Information.** For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated October 3, 2016. The Preliminary Official Statement may be accessed via the Internet at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from Ms. Janette J. Marcoux, Director, FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, telephone (860) 290-3003.

October 3, 2016

Thomas G. Dunn  
Mayor

Anthony J. Marino  
Treasurer

## NOTICE OF SALE

*\$11,710,000*

### TOWN OF WOLCOTT, CONNECTICUT

#### GENERAL OBLIGATION BOND ANTICIPATION NOTES (BOOK-ENTRY-ONLY)

SEALED PROPOSALS or ELECTRONIC PROPOSALS via PARITY® ("PARITY") will be received by the Town of Wolcott, Connecticut (the "Town"), at FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, Telephone (860) 290-3000 until **12:00 NOON (Eastern Daylight Time) on TUESDAY,**

**OCTOBER 11, 2016**

for the purchase, when issued, of the Town's \$11,710,000 General Obligation Bond Anticipation Notes dated October 20, 2016, maturing October 19, 2017 (the "Notes"). The Notes are not subject to redemption prior to maturity. The Notes will be payable with interest at maturity and delivered against payment in Federal funds in New York, New York on or about October 20, 2016. The Notes will be general obligations of the Town payable, as to both principal and interest, unless paid from other sources, from *ad valorem* taxes levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

**Certifying, Transfer and Paying Agent; Registrar.** The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

**DTC Book-Entry.** The Notes will be issued by means of a book-entry-only system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Notes will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The 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.

**Sealed Proposals Bidding Procedure.** All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All sealed proposals must be addressed to Thomas G. Dunn, Mayor, and Anthony J. Marino, Treasurer, c/o



FirstSouthwest, a Division of Hilltop Securities, Inc., 628 Hebron Avenue, Suite 306, Glastonbury, CT 06033 and enclosed in a sealed envelope marked "Proposal for Wolcott Notes."

**Electronic Proposals Bidding Procedure.** Electronic proposals for the purchase of the Notes must be submitted through the facilities of PARITY by **12:00 NOON (Eastern Daylight Time), on Tuesday, October 11, 2016.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, (telephone (212) 849-5021). The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Notes via PARITY, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

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

For the purpose of the bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the net interest cost to the Town, as described below, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Wolcott Notes.

**Proposals.** Proposals may be made for all or any part of the Notes, but any proposal for a part must be for \$100,000 or a whole multiple thereof, except that one such proposal may include the odd \$10,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. No proposal for less than the minimum denomination or for less than par and accrued interest will be accepted. Each proposal must specify the amount bid for the Notes (which shall be the aggregate par value of the Notes, and, at the option of the bidder, a premium), and must specify one rate of interest in a

multiple of one-hundredth (1/100) of one percent (1%) per annum for each part of the Notes bid for in the proposal. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

**Basis of Award.** As between proposals which comply with this Notice of Sale, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined by computing as to each interest rate stated the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making an offer to purchase all or any portion of the Notes at the same lowest net interest cost, the Notes will be sold to the responsible bidder with the proposal for the largest principal amount of the Notes specified. If more than one responsible bidder makes an offer to purchase all or any portion of the Notes at the same lowest net interest cost and for the same largest principal amount of the Notes specified, the Notes or any portion thereof will be sold to the responsible bidder who is chosen by lot. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. It is requested that each proposal be accompanied by a statement of the percentage of net interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

**Qualified Tax-Exempt Obligations.** The Notes will not be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

**Bond Counsel Opinion.** The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with U.S. Bank National Association, the certifying bank for the Notes. A copy of the opinion will be delivered to each purchaser of the Notes. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, based on existing law, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations, and (3) that interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

**Preliminary Official Statement and Official Statement.** The Town has prepared a Preliminary Official Statement dated October 3, 2016 for this Note issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to each winning purchaser 25 copies of the final Official Statement at the Town's expense by the delivery of the Notes or, if earlier, by the seventh business day after the day proposals on the Notes are received. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

**CUSIP Numbers.** The deposit of the Notes with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Notes prior to delivery. The Town will not be responsible for any delay caused by the inability to deposit the Notes with DTC due to the failure of the winning purchaser to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Continuing Disclosure Agreement.** The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5), to provide timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Notes. The winning purchaser's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

**Reoffering Price. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE NOTES THE REOFFERING PRICES FOR THE NOTES AT WHICH A SUBSTANTIAL PORTION OF THE NOTES WERE SOLD.**

**Additional Information.** For more information regarding this Note issue and the Town, reference is made to the Preliminary Official Statement dated October 3, 2016. The Preliminary Official Statement may be accessed via the Internet at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Proposal forms and copies of the Preliminary Official Statement and the Official Statement may be obtained from Ms. Janette J. Marcoux, Director, FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, telephone (860) 290-3003.

October 3, 2016

Thomas G. Dunn  
Mayor

Anthony J. Marino  
Treasurer

**PROPOSAL FOR WOLCOTT NOTES**

October 11, 2016

Thomas G. Dunn, Mayor  
Anthony J. Marino, Treasurer  
c/o FirstSouthwest  
628 Hebron Avenue, Suite 306  
Glastonbury, CT 06033

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated October 3, 2016, which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium and interest accrued on said Notes, if any, to the date of their delivery. The following is our computation of the net interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

For the \$11,710,000 General Obligation Bond Anticipation Notes of the Town of Wolcott dated October 20, 2016, maturing October 19, 2017, we bid the following:

Principal Amount	\$ _____	Principal Amount	\$ _____
Interest Rate	_____ %	Interest Rate	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Cost	_____ % (four decimals)	Net Interest Cost	_____ % (four decimals)
Principal Amount	\$ _____	Principal Amount	\$ _____
Interest Rate	_____ %	Interest Rate	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Cost	_____ % (four decimals)	Net Interest Cost	_____ % (four decimals)

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

Name of Bidder: \_\_\_\_\_

Address of Bidder: \_\_\_\_\_

Signature and Title of  
Officer or Authorized  
Agent of Bidder: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_