

OFFICIAL STATEMENT DATED JULY 12, 2016

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

**TOWN OF BURLINGTON, CONNECTICUT**  
**\$3,960,000**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**  
(BANK QUALIFIED)

Dated: July 25, 2016

Due: January 20, 2017

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> <sup>1</sup>
\$3,960,000	1.50%	0.75%	121619BL3

Underwriter

**EASTERN BANK**

The Notes are not subject to redemption prior to maturity.

The Notes will bear interest payable at maturity, will be issued by means of a book-entry 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 Notes. Principal of, and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owners of the Notes. Purchases of the Notes will be made in book-entry form in denominations of \$5,000 or any integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Note Owner, as nominee of DTC, reference herein to the Note Owner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. See "Book-Entry-Only Transfer System" herein.

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

The Bank of New York Mellon Trust Company, N.A., 2001 Bryan Street, 10<sup>th</sup> Floor, Dallas, Texas will certify the Notes, and act as Registrar, Transfer Agent and Paying Agent for the Notes.

The Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company ("DTC") in New York, New York on or about July 25, 2016.

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

<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 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 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

**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 Burlington, 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 other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 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 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 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.

## 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, July 12, 2016, 11:30 A.M. (EDT).</u></b>
<b>Location of Sale:</b>	Town of Burlington, Town Hall, First Selectman's Office, 200 Spielman Highway, Burlington, Connecticut 06013.
<b>Issuer:</b>	Town of Burlington, Connecticut (the "Town").
<b>Issue:</b>	\$3,960,000 General Obligation Bond Anticipation Notes, Book-Entry (the "Notes").
<b>Dated Date:</b>	July 25, 2016.
<b>Interest Due:</b>	At maturity, January 20, 2017.
<b>Principal Due:</b>	At maturity, January 20, 2017.
<b>Purpose and Authority:</b>	The proceeds of the Notes will be used to finance the design and construction of a new Lake Garda Fire Station and land acquisition for recreation as authorized by the voters of the Town of Burlington.
<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 Burlington, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Town has not applied for a rating on the Notes. Currently the Town has a credit rating of "Aa2" from Moody's Investors Service, Inc. ("Moody's") on its outstanding bonds. See "Rating" herein.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of dated date.
<b>Tax Exemption:</b>	Refer to Appendix B, "Form of Opinion of Bond Counsel and Tax Exemption" herein.
<b>Bank Qualification:</b>	The Notes <b>will</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 allocable to 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 notices of the occurrence of certain events with respect to the Notes, not in excess of 10 business days of the occurrence of such events, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	The Bank of New York Mellon Trust Company, N.A., 2001 Bryan Street, 10th Floor, Dallas, Texas 75201.
<b>Legal Opinion:</b>	Day Pitney 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-only form will be made to The Depository Trust Company on or about July 25, 2016 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Ms. Eleanor J. Parente, Director of Finance and Social Services, Town of Burlington, 200 Spielman Highway, Burlington, Connecticut 06013. Telephone: 860-673-6789 Ext. 208.
<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.

## I. 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 Burlington, Connecticut (the “Town”) in connection with the issuance of \$3,960,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

The Notes are being offered for sale at public bidding. A Notice of Sale dated June 30, 2016 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the 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 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 references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the 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 Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. FirstSouthwest cannot submit a bid for the Notes, either independently or as a member of a syndicate organized to submit a bid for the 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 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 are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B “Form of Opinion of Bond Counsel and Tax Exemption” herein), and they make no representation that they have 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 NOTES

The Notes will be dated July 25, 2016 and will be due and payable as to both principal and interest at maturity, January 20, 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 30-day month and a 360-day year, at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry-only 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 The Bank of New York Mellon Trust Company, N.A., 2001 Bryan Street, 10th Floor, Dallas, Texas 75201. The legal opinion on the Notes will be rendered by Day Pitney LLP, in substantially the form set forth in Appendix B 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 Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and accredited by DTC while the 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 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 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 Notes. The Notes will be issued as fully-registered 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 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all 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 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 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 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 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 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, 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, 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 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 Notes will be general obligations of the Town of Burlington, Connecticut and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

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

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

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

#### **QUALIFICATION FOR FINANCIAL INSTITUTIONS**

The Notes **will** 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 incurred to carry the Notes.

#### **AVAILABILITY OF CONTINUING DISCLOSURE**

The Town of Burlington 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 a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12 timely notices of the occurrence of certain events, not in excess of 10 business days of the occurrence of such events, with respect to the Notes.

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 notices of material events pursuant to Rule 15c2-12(b)(5). During the last five years, the Town has not failed to comply in any material respect with its previous undertakings under such agreements except that the Town discovered that it inadvertently did not file a notice of a rating downgrade on the Town's insured General Obligation Bonds, Issue of 2002 in connection with Moody's downgrade of FSA/AGM (Assured Guaranty Municipal Corporation) rating on January 17, 2013. The Town has filed notices reflecting the insurer downgrade.

**AUTHORIZATION AND PURPOSE**

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

**USE OF NOTE PROCEEDS**

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Paydowns/ Grants</u>	<u>These Notes</u>	<u>Authorized Unissued</u>
Lake Garda Fire Station Replacement .....	\$2,780,000	\$0	\$514,000	\$1,780,000	\$486,000 <sup>1</sup>
Land Acquisition.....	2,180,000	0	0	2,180,000	0
<b>Total.....</b>	<b>\$4,960,000</b>	<b>\$0</b>	<b>\$514,000</b>	<b>\$3,960,000</b>	<b>\$486,000</b>

<sup>1</sup> It is anticipated that this project will qualify for additional State of Connecticut Grants of approximately \$486,000.

**RATING**

The Town has not applied for a credit rating on the Notes. On May 3, 2010, Moody’s Investors Service, Inc. (“Moody’s”) recalibrated the Town’s credit rating to “Aa2” from “A1” on its outstanding bonds.

The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town’s bonds and notes.

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## II. THE ISSUER



### DESCRIPTION OF THE TOWN

The Town of Burlington is a living example of New England's proud and hardworking history. The Town was first settled by colonists in the middle part of the eighteenth century. Known then as the West Woods section of Farmington, the area was settled in a slow and scattered fashion due to its rugged terrain. In 1774, the northern half of West Woods was incorporated as the Parish of West Britain. During this period, George Washington is known to have passed through West Britain on 3 occasions. The Town of Burlington was incorporated in 1806, when the parishes of West Britain and New Cambridge were separated into individual towns.

While most early Burlington residents engaged in farming, several small industries were established, utilizing the water power of Burlington's numerous brooks and streams.

Burlington's second century stands in marked contrast to the first, dominated by constant change and development. The last two decades of the 20<sup>th</sup> century have seen the most dramatic changes. As one of the fastest growing towns in Connecticut, Burlington has continued its transformation from an agricultural to a residential community. However, in doing so it has retained its natural beauty and rural character.

Today, Burlington is made up of a land area of 30.6 square miles, and a population of 9,576 (*Connecticut Department of Public Health, 2014 Estimates*). The Town is located in Hartford County and is bordered by Harwinton to the west, New Hartford and Canton to the north, Avon and Farmington to the East, and Bristol to the South. Burlington is approximately 15 miles to the west of Hartford, Connecticut's capitol city. The Town is intersected by State Routes 4 and 69, which connect to interstates 84 and 91 and Route 8, affording access to Boston and New York City.

Burlington is home to a modest array of small businesses. Business activity is concentrated around the center of Town. There are three business plazas in the center of Burlington, offering retail establishments, restaurants, two garden centers, and professional offices. There is also a small manufacturing presence in Town. Crescent

Manufacturing, which produces machine tool products, and Bullett Trap, Manufacturing Indoor Firing Range Equipment, are located on George Washington Turnpike.

## FORM OF GOVERNMENT

The Town operates under a Town Meeting form of government, with a Board of Selectmen consisting of five elected members, and a Board of Finance of seven elected members. The Town Meeting is the legislative body of the Town and must approve the annual budget, supplemental appropriations over 1% of the annual budget and all bond and note authorizations. The First Selectman, elected to a four-year term of office every odd-numbered year, is the Chief Executive of the Town and is responsible for the administration of all Town business matters. He presides over the Board of Selectmen with full voting privileges and is an ex-officio member of all Town boards, commissions, and committees.

## PRINCIPAL TOWN OFFICIALS

Office	Name	Manner of Selection	Term of Office	Years of Service As of May 2016
First Selectman.....	Theodore Shafer	Elected	12/13-11/17	5 Years
Selectman.....	James A. Chard	Elected	12/13-11/17	19 Years
Selectman.....	Carl A. Salsedo	Elected	12/13-11/17	3 Years
Selectman.....	David J. Bereza	Elected	12/13-11/17	3 Years
Selectman.....	Roger Powell	Elected	12/13-11/17	19 Years
Board of Finance Chairman.....	Anthony DiNicola	Elected	11/15-11/19	4 Years
Director of Finance & Social Services...	Eleanor J. Parente	Appointed	Indefinite	21 Years <sup>1</sup>
Treasurer.....	Stephen J. Savino	Elected	11/15-11/17	8 Years
Tax Collector.....	Allison Yudelson	Appointed	Indefinite	11 Years
Town Clerk.....	MaryJane Ugalde	Appointed	Indefinite	4 Years
Town Assessor.....	Beth Paul	Appointed	Indefinite	2 Years
Superintendent of Schools.....	Alan Beitman	Appointed	Indefinite	8 Years

<sup>1</sup> Ms. Parente has worked for the Town for over 21 years. She was appointed Director of Finance & Social Services in July 2014.  
Source: Town Officials.

## SUMMARY OF MUNICIPAL SERVICES

**Police Protection:** Police protection and investigative services are provided by a combination of Resident State Troopers and Town Constables. The Town participates in the Connecticut Resident State Trooper Program. Through this program, two State Troopers are assigned to the Town. The Town also has five full time and four part time Constables.

**Fire Protection and Ambulance Service:** Fire protection is provided by the Burlington Volunteer Fire Department, which receives substantial financial support from the Town. The Department consists of approximately sixty volunteers operating from four firehouses. Monthly training drills are held and State Certification classes have been instituted. The Department also provides ambulance and rescue services. Full coverage is provided including weekends and holidays. There are approximately twenty volunteers with EMT training.

**Public Works and Solid Waste:** The Highway Department is responsible for the maintenance and repair of Town roads, drainage facilities, and parks and recreation facilities as well as snow removal. The Department operates out of a 13,000 square foot Town Garage. Burlington has a long-term agreement to send its waste to a facility operated by Coventa and the Bristol Resource Recovery Facility Operating Committee. Suburban Sanitation has been contracted for trash pick-up and hauling to the disposal facility; the company also hauls recycled materials to a town operated recycling center.

**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 Covanta Energy Corporation of Bristol, Inc. (the "Company"). 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 company continues to operate the facility.

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 3,511 tons per year and to pay a uniform per ton disposal service fee (the "Municipal Disposal Fee"). The current Municipal Disposal Fee is \$61.00 per ton, through June 30, 2016; the fee increases to \$62.12 for Fiscal Year beginning July 1, 2017. 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 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. The Ogden Corporation, an indirect parent company of the Company, 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 The Ogden Corporation 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:** Approximately 72 properties in the Riverside section of Town are sewered and connected to a treatment plant in Canton. There are 325 users in the Lake Garda section of Town that are sewered and connected to Farmington's sewage treatment system. The rest of the Town is served by privately owned and maintained septic systems.

**Water:** Approximately 17 properties along Stafford Road are served by a municipal water line which is connected to the City of Bristol system. An additional 44 properties in the Riverside section of Town are customers of the Connecticut Water Company. The rest of the Town is served by individually owned wells.

**Parks and Recreation:** Burlington provides recreational opportunities under the direction of the Parks and Recreation Commission and the Parks and Recreation Director. The town maintains four recreation facilities which

are home to soccer, baseball, softball and lacrosse fields, along with tennis and basketball courts, playgrounds, walking trails and a swimming facility. The Parks and Recreation Department sponsors a large variety of programs and events for all ages within the community.

**Senior Citizen Center:** Burlington provides recreational opportunities for the seniors under the direction of the Commission of Senior Citizens and the Director of Senior Citizens Administrator. The Burlington Senior Center is home to a variety of programs, trips and events for our 60+ population. Burlington also offers a Dial-A-Ride transportation service for any resident 60+ and/or with disabilities. Dial-A-Ride transports to and from medical appointments, shopping trips, social trips and Senior Center programs and events.

**Library:** The Burlington Public Library is open six days per week. Holdings include approximately 62,500 books, periodicals, tapes and records. The library sponsors an artist of the month program and participates in a Hartford area reference and lending program. The residents of Burlington recently approved at a Town Meeting vote an appropriation in the amount of \$3.125 million for additions, renovations, and improvements to the Burlington Public Library. It is expected that a State of Connecticut Grant of \$1.0 million will reduce the Town’s net cost to \$2.125 million.

**Social Services:** Burlington provides social services geared toward residents in need and the elderly, including a relationship with a visiting nurses program, a dial-a-ride program, and a Senior Citizens Center. A 24 unit Senior Housing Facility which includes a community center for senior citizens was constructed in 2002.

**Utilities and Other Services:** Electric power is provided by EverSource. Passenger and freight service is available via bus and numerous common carriers. An airport suitable for small planes is located in Town. Bradley International Airport is located in Windsor Locks and handles major air transport needs

**TOWN EMPLOYEES <sup>1</sup>**

<u>Fiscal Year</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government.....	49	49	50	51	51
Total.....	49	49	50	51	51

<sup>1</sup> Includes full-time and part-time employees.  
Source: Mayor’s Office, Town of Burlington.

**MUNICIPAL EMPLOYEES’ BARGAINING UNITS**

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
<b><u>General Government</u></b>		
Constables - Police Union Local 2693U Council 15, AFSCME, AFL-CIO....	9	June 30, 2017
Public Works - NAGE Local R1-221.....	11	June 30, 2016
Town Hall/Library - Local 1303-447, Council 4, AFSCME.....	14	June 30, 2016
Total.....	34	

Source: Town of Burlington.

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. Effective October 1, 1997, for binding arbitration of teachers’ contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget

reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In 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.

**EDUCATION SYSTEM**

Burlington is a member of Regional School District Number 10, which also serves the Town of Harwinton. The District operates under the direction of an elected ten member Board of Education, 6 members from the Town of Burlington and 4 members from the Town of Harwinton. Each Town's contribution to the net District expenses is determined by the number of students in average daily membership during the preceding school year. The Town of Burlington's contribution is currently 65.92%.

Region 10 provides the educational needs of students in Pre-Kindergarten through Grade 12. The District has four public schools with a total enrollment of about 2,435 students as of October 1, 2015. An elementary school is located in each community, with a middle school and a high school serving all students. Students are formally introduced to computers in kindergarten. The elementary schools each have their own library/media center. The middle school and high school share a joint library/media center and athletic playing fields. A variety of programs at all levels meet the needs of Regional School District Number 10 special education students. Higher education needs are served by a number of two and four year degree granting institutions in the area.

**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>
Harwinton Consolidated School...	Pre K-4	1948, 1950, 1955, 1966, 1990, 1992, 1995, 1996, 2011	35	400	489
Lake Garda School.....	Pre-K-4	1964, 1968, 1977, 1990, 1992, 1995, 2004, 2005, 2011	40	443	680
Har-Bur Middle School.....	5-8	1973, 1990, 1993, 2006	41	795	910
Lewis S. Mills High School.....	9-12	1961, 1963, 1973, 1990, 1992, 1995, 1996, 2006	47	797	800
<b>Total</b> .....				<b>2,435</b>	

Source: Business Manager, Regional School District Number 10.

**SCHOOL ENROLLMENT**

<u>School Year</u>	<u>Pre K-4</u>	<u>8-May</u>	<u>12-Sep</u>	<u>Total</u>
<i>Historical</i>				
2011-2012	962	881	822	2,665
2012-2013	972	850	796	2,618
2013-2014	939	831	790	2,560
2014-2015	886	809	776	2,471
2015-2016	843	795	797	2,435
<i>Projected</i>				
2016-2017	825	783	764	2,372
2017-2018	766	743	833	2,342
2018-2019	729	702	824	2,255
2019-2020	700	668	792	2,160
2020-2021	680	641	782	2,103

Source: Business Manager, Regional School District Number 10

**BURLINGTON AVERAGE DAILY MEMBERSHIP – REGIONAL SCHOOL DISTRICT NUMBER 10**

<u>School Year</u>	<u>Average Daily Membership</u>	<u>Percent of District Total</u>
2011-2012	1,745	65.81%
2012-2013	1,725	66.01%
2013-2014	1,666	65.21%
2014-2015	1,627	66.01%
2015-2016	1,579	65.92%

Source: Business Manager, Regional School District Number 10.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2014	9,576	3.0	313
2010	9,301	13.6	304
2000	8,190	16.6	268
1990	7,026	24.1	230
1980	5,660	39.1	185
1970	4,070	45.9	133

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 1970 – 2010;

State of Connecticut Department of Public Health, 2014.

<sup>2</sup> Per square mile: 30.6 square miles.

#### AGE DISTRIBUTION OF THE POPULATION

	Town of Burlington		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	434	4.6%	194,338	5.4%
5 - 19.....	2,284	24.2%	707,656	19.7%
20 - 44.....	2,453	26.0%	1,126,757	31.4%
45 - 64.....	3,207	34.0%	1,032,223	28.7%
65 - 84.....	988	10.5%	443,512	12.3%
85 and over.....	77	0.8%	87,567	2.4%
Totals.....	9,443	100.0%	3,592,053	100.0%
Median Age (years)		42.4		40.3

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

#### INCOME DISTRIBUTION

	Town of Burlington		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$9,999.....	24	0.9%	30,584	3.4%
10,000 - 14,999.....	43	1.6%	18,591	2.1%
15,000 - 24,999.....	14	0.5%	46,537	5.2%
25,000 - 34,999.....	80	3.0%	56,473	6.3%
35,000 - 49,999.....	93	3.5%	85,206	9.5%
50,000 - 74,999.....	449	16.7%	140,776	15.6%
75,000 - 99,999.....	324	12.0%	129,656	14.4%
100,000 - 149,999.....	705	26.2%	184,327	20.5%
150,000 - 199,999.....	549	20.4%	93,100	10.3%
200,000 and over.....	411	15.3%	114,307	12.7%
Totals.....	2,692	100.0%	899,557	100.0%

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

## INCOME LEVELS

	<b>Town of Burlington</b>	<b>State of Connecticut</b>
Per Capita Income, 2014.....	\$44,522	\$38,480
Per Capita Income, 2010.....	\$43,392	\$36,775
Per Capita Income, 1999.....	\$36,173	\$28,776
Per Capita Income, 1989.....	\$21,797	\$20,189
Median Family Income, 2014.....	\$121,050	\$88,217
Median Family Income, 2010.....	\$120,580	\$84,170
Median Family Income, 1999.....	\$87,801	\$65,521
Median Family Income, 1989.....	\$59,343	\$49,199
Families Below Poverty Level, 2014.....	3.3%	7.5%

Source: <sup>1</sup> 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 Burlington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	49	0.8%	106,784	4.3%
9th to 12th grade.....	121	1.9%	150,227	6.1%
High School graduate.....	1,367	21.5%	677,887	27.6%
Some college, no degree.....	1,214	19.1%	431,807	17.6%
Associate's degree.....	708	11.2%	180,321	7.3%
Bachelor's degree.....	1,821	28.7%	506,662	20.6%
Graduate or professional degree....	1,069	16.8%	401,889	16.4%
Totals	6,349	100.0%	2,455,577	100.0%
Total high school graduate or higher (%)		97.3%		89.5%
Total bachelor's degree or higher (%)		45.5%		37.0%

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

## MAJOR EMPLOYERS

As of June 2016

<b>Employer</b>	<b>Product</b>	<b>Estimated Number of Employees</b>
Regional School District Number 10.....	School District	421
Town of Burlington.....	Municipality	49
Energy Savings Products.....	Manufacturing	33
Crescent Manufacturing.....	Precision Screw Parts	25
State of Connecticut.....	Sessions Woods - Wildlife	25

Source: Telephone survey of Employers.

## EMPLOYMENT BY INDUSTRY

Sector	Town of Burlington		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	54	1.1%	7,413	0.4%
Construction.....	281	5.5%	97,974	5.5%
Manufacturing.....	578	11.2%	191,057	10.8%
Wholesale Trade.....	84	1.6%	44,195	2.5%
Retail Trade.....	572	11.1%	191,267	10.8%
Transportation and warehousing, and utilities....	196	3.8%	65,068	3.7%
Information .....	266	5.2%	41,905	2.4%
Finance, insurance, real estate, and rental and leasing.....	522	10.2%	161,926	9.2%
Professional, scientific, management, administrative and waste management services.	412	8.0%	197,880	11.2%
Educational, health and social services.....	1,219	23.7%	467,574	26.5%
Arts, entertainment, recreation, accommodation and food services.....	351	6.8%	154,005	8.7%
Other services (except public administration).....	190	3.7%	80,179	4.5%
Public Administration .....	417	8.1%	66,491	3.8%
<b>Total Labor Force, Employed.....</b>	<b>5,142</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 Burlington		Percentage Unemployed		
	Employed	Unemployed	Town of Burlington	Hartford Labor Market	State of Connecticut
April 2016.....	5,286	253	4.6	5.7	5.6
March 2016.....	5,283	281	5.1	6.2	6.2
February 2016.....	5,254	269	4.9	6.0	6.0
January 2016.....	5,270	266	4.8	6.0	6.0
<b>Annual Averages</b>					
2015.....	5,292	235	4.3%	5.7%	5.6%
2014.....	5,228	247	4.5	6.6	6.6
2013.....	5,065	296	5.5	7.8	7.8
2012.....	5,054	336	6.2	8.4	8.3
2011.....	5,077	373	6.8	8.8	8.8
2010.....	5,022	383	7.1	9.2	9.1
2009.....	5,095	358	6.6	8.3	8.3
2008.....	5,170	231	4.3	5.7	5.6
2007.....	5,142	184	3.5	4.7	4.6
2006.....	5,084	174	3.3	4.6	4.4

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

Source: Department of Labor, State of Connecticut.

## AGE DISTRIBUTION OF HOUSING

Year Built	Town of Burlington		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	211	6.0%	334,290	22.4%
1940 to 1969.....	957	27.0%	536,618	36.0%
1970 to 1979.....	607	17.1%	200,288	13.4%
1980 to 1989.....	682	19.3%	193,794	13.0%
1990 to 2000.....	656	18.5%	113,875	7.6%
Later than 2000.....	428	12.1%	111,516	7.5%
Total housing units, 2014	3,541	100.0%	1,490,381	100.0%
Percent Owner Occupied, 2014		93.8%		67.3%

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

## HOUSING INVENTORY

Type	Town of Burlington		State of Connecticut	
	Units	Percent	Units	Percent
1 unit detached.....	3,372	95.2%	882,955	59.2%
1 unit attached.....	60	1.7%	79,922	5.4%
2 to 4 units.....	78	2.2%	253,522	17.0%
5 to 9 units.....	17	0.5%	81,574	5.5%
10 or more units.....	14	0.4%	180,292	12.1%
Mobile home, trailer, other..	0	0.0%	12,116	0.8%
Total Inventory.....	3,541	100.0%	1,490,381	100.0%

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

## OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Burlington		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	79	2.5%	24,122	2.6%
\$50,000 to \$99,999.....	0	0.0%	26,438	2.9%
\$100,000 to \$149,999.....	51	1.6%	72,756	8.0%
\$150,000 to \$199,999.....	168	5.3%	137,797	15.1%
\$200,000 to \$299,999.....	1,139	35.9%	257,364	28.2%
\$300,000 to \$499,999.....	1,459	46.0%	243,882	26.7%
\$500,000 to \$999,999.....	262	8.3%	109,918	12.0%
\$1,000,000 or more.....	15	0.5%	40,766	4.5%
Totals.....	3,173	100.0%	913,043	100.0%
Median Sales Price <sup>1</sup>		\$144,300		\$166,900
Median Sales Price <sup>2</sup>		\$318,400		\$274,500

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

<sup>2</sup> Median Sales Price, 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	Total	
	Number	Value
2016 <sup>1</sup>	233	\$3,664,785
2015	1,112	1,988,530
2014	936	14,408,909
2013	964	14,534,122
2012	967	9,765,893
2011	703	7,469,885
2010	927	8,789,491
2009	654	7,854,646
2008	633	7,687,689

<sup>1</sup> As of June 3, 2016.

Source: Building Department, Town of Burlington.

## LAND USE SUMMARY

Classification	Total Area	
	Acreage	%
Residential.....	4,528	23.2%
Commercial/Industrial....	740	3.8%
Public Utilities.....	6,515	33.4%
Open Space.....	2,046	10.5%
Roads.....	284	1.5%
Undeveloped Land.....	5,383	27.6%
<b>Total Developed.....</b>	<b>19,496</b>	<b>100.0%</b>

Source: Town of Burlington, Burlington Plan Use Summary, 2007.

## IV. TAX BASE DATA

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### ASSESSMENTS

The Town of Burlington had a general property revaluation by physical inspection effective October 1, 2013. Under section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. A 2006 statute permits a municipality, upon approval of its legislative body, to phase-in a real property assessment increase resulting from a revaluation over a period of up to five years. Various state statutes provide for or authorize exemptions, abatement and other adjustments to assessments. 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 of Burlington 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 and non 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, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

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 is 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, and machinery) is revalued annually. An assessor's check and audit is completed periodically.

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 31.60 mills.

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 Burlington. 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 July 1 are subject to a property tax as if the motor vehicle has been included on the October 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 1. 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.

#### PROPERTY TAX COLLECTION PROCEDURE

Taxes for the fiscal year are levied on the Grand List of the prior October 1. Taxes for real and personal property in excess of \$100 are payable in two installments, July 1 and January 1; taxes for motor vehicles are payable in one installment due July 1. Payments not received by August 1 and February 1 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 automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with State Statutes.

#### COMPARATIVE ASSESSED VALUATIONS

<b>Grand List of 10/1</b>	<b>Residential Real Property</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions<sup>1</sup></b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2015	88.9%	1.6%	9.5%	\$909,069,801	\$2,005,990	\$907,063,811	0.8%
2014	88.9	1.6	9.5	901,676,028	2,071,080	899,604,948	1.6%
2013 <sup>2</sup>	89.3	1.5	9.2	887,641,643	2,102,740	885,538,903	-5.9%
2012	90.3	1.3	8.4	943,582,010	2,331,020	941,250,990	0.7%
2011	90.3	1.2	8.5	936,840,177	2,446,317	934,393,860	1.3%
2010	90.7	1.3	8.0	925,697,428	3,233,330	922,464,098	0.9%
2009	91.1	1.2	7.7	916,766,537	2,117,024	914,649,513	0.5%
2008 <sup>2</sup>	91.1	1.3	7.6	911,601,627	1,776,264	909,825,363	17.0%
2007	89.1	1.5	9.4	779,328,907	1,692,551	777,636,356	1.6%
2006	89.2	1.5	9.3	766,891,062	1,692,910	765,198,152	1.9%

<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 Burlington.

**PROPERTY TAX LEVIES AND COLLECTIONS**

<b>Grand List of Oct. 1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Annual Levy Collected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected End of Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2015</b>
2015	2017	\$907,063,811	31.60	\$28,668,556	- Collections 7/1/16 and 1/1/17 -		
2014	2016	899,604,948	31.10	27,811,517	- Unaudited -		
2013	2015	885,538,903	29.85	26,634,853	99.0%	1.0%	1.0%
2012	2014	941,250,990	27.50	26,079,669	99.1%	0.9%	0.4%
2011	2013	934,393,860	26.80	25,138,649	99.0%	1.0%	0.2%
2010	2012	922,464,098	26.75	24,795,588	99.0%	1.0%	0.2%
2009	2011	914,649,513	26.57	24,217,509	99.8%	0.2%	0.1%
2008	2010	909,825,363	25.82	23,440,675	98.7%	1.3%	0.1%
2007	2009	777,636,356	29.32	22,866,225	98.4%	1.6%	0.1%
2006	2008	765,198,152	27.82	21,435,949	98.4%	1.6%	0.1%

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

**TEN LARGEST TAXPAYERS**

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Assessed Valuation</b>	<b>Percent of Net Taxable Grand List<sup>1</sup></b>
City of New Britain.....	Water Supply	\$11,811,590	1.30%
Metropolitan District Commission.....	Water Supply	10,650,290	1.17%
Connecticut Light & Power Company.....	Utility	7,554,540	0.83%
City of Bristol.....	Water Supply	2,717,400	0.30%
NJA & Associates LLC.....	Real Estate	2,240,740	0.25%
Brycorp Properties LLC.....	Real Estate	2,038,050	0.22%
Carrier Home Builders Inc.....	Real Estate	1,892,870	0.21%
Northwest Asset Management LLC.....	Wealth Management	1,637,599	0.18%
Stone House Estates II LLC.....	Real Estate	1,533,630	0.17%
Toyota Lease Trust.....	Financial Services	1,327,015	0.15%
<b>Total.....</b>		<b>\$43,403,724</b>	<b>4.79%</b>

<sup>1</sup>Based on a 10/1/15 Net Taxable Grand List of \$907,063,811.  
Source: Assessor's Office, Town of Burlington.

**EQUALIZED NET GRAND LIST**

<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2013	1,265,127,719	-0.30%
2012	1,268,897,485	2.11%
2011	1,242,699,537	0.12%
2010	1,241,201,726	-1.94%
2009	1,265,793,121	-2.69%
2008	1,300,774,610	-4.09%
2007	1,356,175,347	-0.47%
2006	1,362,527,845	1.00%
2005	1,349,086,749	8.16%
2004	1,247,341,564	23.44%

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.

### BASIS OF ACCOUNTING

#### Accounting Policies

The financial statements of the Town of Burlington, 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. 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* – consists 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* – provides 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 "Basic 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 of Burlington.

### BUDGETARY PROCEDURES

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance.
- The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any additional appropriations exceeding \$10,000 to any one department must be approved at a Town meeting.
- Formal budgetary integration is employed as a management control device during the year for General Fund.

- All non-continuing appropriations lapse at year-end. Capital appropriations do not lapse until completion of the applicable projects.
- Encumbrance accounting is not used.

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the “Act”) created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State’s municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the Act. For each applicable fiscal year, OPM must determine the municipality’s percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase to in the municipality’s population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the Act and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills.

See “Tax Base Data” herein.

## **ANNUAL AUDIT**

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated 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, and a copy of said audit report must be filed with the Office of Policy and Management. The Town of Burlington is in full compliance with said provisions. For the fiscal year ended June 30, 2015, the financial statements of the Town were audited by the firm of King, King & Associates, Certified Public Accountants, Winsted, Connecticut.

## **PENSION PLANS**

**Town Employees** - The Town of Burlington Employees’ Pension Plan is a single-employer defined benefit plan that is administered by the Town of Burlington. Benefits are established and may be amended by the Plan Trustees, which consist of the First Selectman and the Treasurer. The plan is a contributory defined benefit plan known as a “Prototype Split Funded Defined Benefit Pension Plan”. The agent for the plan, ACG Associates, Inc. provides the Town (employer) with a publically available stand-alone financial report that is available through the First Selectman’s office.

**Constables Plan** - The Town of Burlington Constable Pension Plan is a single-employer defined benefit plan that is administered by the Town of Burlington. Benefits are established and may be amended by the Trustees, which consist of the First Selectman and the Treasurer. The plan is a contributory defined benefit plan known as a “Prototype Split Funded Defined Benefit Pension Plan,” that is funded and insured with the New England Mutual Life Insurance Company. The agent of the plan, ACG Associates, Inc. provides the Town (employer) with a publically available stand-alone financial report that is available through the First Selectman’s office.

The Town has obtained an actuarial valuation as of July 1, 2014.

<b>Three-Year Trend Information (in thousands)</b>			
<b>Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Annual Contribution</b>	<b>% of ARC Contributed</b>
<b>Town Plan</b>			
2013	\$220,598	\$272,715	123.6%
2014	\$170,235	\$251,269	147.6%
2015	\$155,390	\$224,375	144.4%
<b>Constable Plan</b>			
2013	\$12,778	\$12,939	101.3%
2014	\$24,310	\$32,075	131.9%
2015	\$28,296	\$28,229	99.8%

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

<b>GASB 67 Schedules</b>	<b>Town</b>	
	<b>Employees</b>	<b>Constables</b>
Total pension liability at June 30, 2015	\$2,301,018	\$701,667
Plan fiduciary net position	1,828,992	637,364
Net pension liability	\$472,026	\$64,303
Plan fiduciary net position as % of total pension liability	79.49%	90.84%

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town Employees net pension liability as of June 30, 2015	\$694,602	\$472,026	\$280,252
Constables net pension liability as of June 30, 2015	\$80,922	\$64,303	\$49,509

*Please refer to the Town of Burlington's "Notes to the Financial Statements", Note 13, in "Appendix A" herein for further information on the Town Employees and Constable Pension Plans.*

#### **OTHER POST EMPLOYMENT BENEFITS**

The Town has established and administers the Town of Burlington Post-Retirement Medical Insurance Program. The program provides post-employment health care benefits for retired employees who were full-time employees. Police retirees hired before July 1, 2010 and Town Hall department retirees hired before October 26, 2010 receive varying health insurance benefits. Town Hall department retirees hired after October 26, 2010 may purchase coverage at their sole expense, to age 65. Police department retirees hired after July 1, 2010 may purchase coverage for the retiree and the retiree's spouse at their sole expense. Highway department retirees hired after July 1, 2010 may purchase coverage at their sole expense. Benefit provisions and funding requirements may be amended by the Board of Selectmen. The Town is applying the requirements of GASB No. 45 prospectively. The plan currently includes 30 active employees.

The Town appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. One retiree was eligible to participate at the time of the most recent valuation.

The Town has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 1, 2014.

<b>GASB 45 Valuation</b>	<b>All Employees</b>
Unfunded Accrued Liability (UAAL).....	\$191,639
Annual OPEB Cost Fiscal Year 2015.....	\$69,839
Contributions Made.....	\$18,821
<b>Estimated Change in Net OPEB Obligation..</b>	<b>\$51,018</b>
Net OPEB Obligation as of June 30, 2014.....	\$58,736
Net OPEB Obligation as of June 30, 2015.....	\$109,754

<b>Schedule of Employer Contributions</b>		
Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed
6/30/2015	\$69,839	77%
6/30/2012	\$51,992	0%
6/30/2009	\$43,008	84%

*Please refer to the Town of Burlington’s “Notes to the Financial Statements”, Note 14, in “Appendix A” herein for further information on the Town’s Other Post Healthcare Benefits.*

**INVESTMENT PRACTICES**

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 Town’s investment practices are in compliance with the Connecticut General Statutes.

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

	Budget 2016-17 <sup>1</sup>	Budget 2015-16 <sup>1</sup>	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
<b>REVENUES:</b>							
Property Taxes .....	\$28,668,556	\$27,811,517	\$26,685,668	\$26,048,866	\$25,289,651	\$25,093,092	\$24,188,699
Charges for Services .....	1,190,296	1,202,196	947,156	1,066,192	1,029,596	1,007,575	948,623
Contributions and Miscellaneous .....	15,000	30,000	39,083	144,938	49,314	197,438	44,463
Intergovernmental .....	4,636,230	4,529,437	6,043,674	5,028,255	4,948,503	5,127,718	4,924,138
Investment Earnings .....	18,000	18,000	14,884	14,228	13,233	15,803	23,459
Transfers In .....	276,741 <sup>2</sup>	150,000 <sup>2</sup>	261,456	116,181	97,339	0	0
<b>Total Revenues and Transfers In .....</b>	<b>\$34,804,823</b>	<b>\$33,741,150</b>	<b>\$33,991,921</b>	<b>\$32,418,660</b>	<b>\$31,427,636</b>	<b>\$31,441,626</b>	<b>\$30,129,382</b>
<b>EXPENDITURES:</b>							
General Government .....	\$2,544,356	\$2,278,730	\$2,174,126	\$2,072,784	\$1,994,570	\$1,874,605	\$1,931,231
Public Safety .....	1,491,772	1,551,848	1,421,475	1,408,450	1,317,527	1,305,931	1,374,188
Highway .....	1,906,985	1,853,827	1,874,023	1,757,199	1,586,048	1,625,412	1,542,403
Sanitation .....	1,072,263	1,102,075	1,034,967	1,022,404	959,644	1,462,801	1,201,420
Health and Welfare .....	82,001	94,731	78,341	86,453	80,255	81,269	94,374
Library .....	365,786	362,600	334,508	320,758	305,950	298,171	294,100
Recreation .....	224,444	215,217	197,095	205,592	194,642	201,051	200,451
Miscellaneous .....	328,511	322,782	121,805	249,606	39,515	171,523	176,519
Education .....	25,275,073	24,619,048	23,670,355	23,328,178	22,848,392	22,567,658	22,244,019
Capital Expenditures .....	648,780	622,231	1,958,257	595,516	257,320	646,572	818,959
Debt Service .....	564,852	518,061	530,418	542,467	554,139	520,501	548,471
Contingency .....	300,000	200,000					
Transfers Out .....		0	619,000	541,211	554,112	70,729	44,770
<b>Total Expenditures and Transfers Out .....</b>	<b>\$34,804,823</b>	<b>\$33,741,150</b>	<b>\$34,014,370</b>	<b>\$32,130,618</b>	<b>\$30,692,114</b>	<b>\$30,826,223</b>	<b>\$30,470,905</b>
<b>Results from Operations .....</b>		<sup>4</sup>	<b>(\$22,449)</b>	<b>\$288,042</b>	<b>\$735,522</b>	<b>\$615,403</b>	<b>(\$341,523)</b>
<b>Fund Balance, July 1 .....</b>			<b>\$5,284,296</b>	<b>\$4,996,254</b>	<b>\$4,260,732</b>	<b>\$3,645,329<sup>3</sup></b>	<b>\$4,003,407<sup>3</sup></b>
<b>Fund Balance, June 30 .....</b>			<b>\$5,261,847</b>	<b>\$5,284,296</b>	<b>\$4,996,254</b>	<b>\$4,260,732</b>	<b>\$3,661,884</b>

<sup>1</sup> Budgetary Basis.

<sup>2</sup> Represents funds appropriated from prior years' surplus.

<sup>3</sup> Restated.

<sup>4</sup> At this time, Town Officials anticipate that revenues and transfers in will exceed expenditures and transfers out by approximately \$700,000 for Fiscal Year ending June 30, 2016.

Source: Annual Audited Financial Statements 2011-2015; Budgets 2016 and 2017.

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

	Budget 2016-17	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
Committed .....			\$315,857	\$635,050			
Assigned .....			150,000	189,093	\$202,976	\$210,436	\$171,100
Unassigned .....	N/A	N/A	4,795,990	4,460,153	4,793,278	4,050,296	3,490,784
<b>Total Fund Balance .....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$5,261,847</b>	<b>\$5,284,296</b>	<b>\$4,996,254</b>	<b>\$4,260,732</b>	<b>\$3,661,884</b>
<b>Unassigned Fund Balance As % of Total Expenditures .....</b>	<b>N/A</b>	<b>N/A</b>	<b>14.10%</b>	<b>13.88%</b>	<b>15.62%</b>	<b>13.14%</b>	<b>11.46%</b>

Source: Annual Audited Financial Statements 2011-2015; Budgets 2016 and 2017.

**VI. DEBT SUMMARY**

**PRINCIPAL AMOUNT OF INDEBTEDNESS**

As of July 25, 2016

(Pro Forma)

**Long-Term Debt: Bonds**

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding 7/25/2016</u>	<u>Date of Fiscal Year Maturity</u>
<b><u>General Purpose</u></b>					
08/15/02	General Purpose.....	3.73%	\$2,971,000	\$413,790	2018
	<b>Total.....</b>		<b>\$2,971,000</b>	<b>\$413,790</b>	
<b><u>Sewers</u></b>					
06/30/98	CWF-PLO.....	2.00%	\$1,631,817	\$81,590	2017
04/28/00	CWF-PLO.....	2.00%	518,460	30,203	2017
08/15/02	Sewers.....	3.73%	619,000	86,210	2018
02/28/08	CWF-PLO	2.00%	2,102,440	1,264,456	2027
	<b>Total.....</b>		<b>\$4,871,717</b>	<b>\$1,462,458</b>	
	<b>Total Long Term Debt.....</b>		<b>\$7,842,717</b>	<b>\$1,876,248</b>	

**Short-Term Debt:**

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Paydowns/ Grants</u>	<u>These Notes</u>	<u>Authorized Unissued</u>	<u>Legal Renewable Limit</u>
Lake Garda Fire Station Replacement.....	\$2,780,000	\$0	\$514,000	\$1,780,000	\$486,000	7/27/2025
Land Acquisition.....	2,180,000	0	0	2,180,000	0	7/25/2026
<b>Total.....</b>	<b>\$4,960,000</b>	<b>\$0</b>	<b>\$514,000</b>	<b>\$3,960,000</b>	<b>\$486,000</b>	

**Other Long-Term Commitments:**

None

**CLEAN WATER FUND PROGRAM**

The Town of Burlington is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended). The State provides financial assistance through a combination of grants and loans bearing interest at the rate of 2% per annum. All participating municipalities receive funding for eligible expenses in the form of a 20% grant and 80% loan, except for combined sewer overflow projects (50% grant and 50% loan) and denitrofication projects (30% grant and 70% loan). Loans to each municipality are made pursuant to a Project Loan and Grant Agreement. During construction the municipality enters into a short-term borrowing agreement with the State called an Interim Funding Obligation ("IFO") from which it pays project costs as needed. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Upon project completion a 20-year debt obligation called a Project Loan Obligation ("PLO") is issued to the State. The municipal obligations issued to the State are secured by the full faith and credit of the municipality and/or dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

**ANNUAL BONDED DEBT MATURITY SCHEDULE<sup>1</sup>**

As of July 25, 2016

(Pro Forma)

<b>Fiscal Year</b>				<b>Cumulative</b>
<b>Ending 6/30</b>	<b>Principal<sup>2</sup></b>	<b>Interest</b>	<b>Total</b>	<b>Percent</b>
				<b>Retired</b>
2016	\$463,879	\$41,568	\$505,447	24.72
2017	354,147	27,671	381,819	43.60
2018	106,250	20,194	126,444	49.26
2019	108,394	18,049	126,444	55.04
2020	110,582	15,862	126,444	60.93
2021	112,814	13,630	126,444	66.95
2022	115,091	11,352	126,444	73.08
2023	117,414	9,029	126,444	79.34
2024	119,784	6,659	126,444	85.72
2025	122,202	4,242	126,444	92.24
2026	124,668	1,775	126,444	98.88
2027	21,021	53	21,074	100.00
<b>Totals</b>	<b>\$1,876,248</b>	<b>\$170,084</b>	<b>\$2,046,332</b>	

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

**OVERLAPPING/UNDERLYING DEBT**

The only other political subdivision with power to issue debt in the Town of Burlington is Regional School District Number 10. The outstanding indebtedness of Regional School District Number 10 is considered overlapping debt of the Town of Burlington.

<b>District's Net Direct Indebtedness<sup>1</sup></b>	<b>Applicable to Town of Burlington (65.92%)</b>
\$17,205,061	\$11,341,576

<sup>1</sup> As of July 25, 2016.

Source: Regional School District Number.

The Town of Burlington has no underlying debt.

**DEBT STATEMENT<sup>1</sup>**  
As of July 25, 2016  
(Pro Forma)

**LONG TERM DEBT:**

<b>Bonds:</b>	
General Purpose.....	\$413,790
Sewer.....	1,462,458
<b>TOTAL LONG TERM DEBT.....</b>	<b>\$1,876,248</b>

**SHORT TERM DEBT:**

Notes ( <i>This issue</i> ).....	\$3,960,000
<b>TOTAL DIRECT DEBT.....</b>	<b>\$5,836,248</b>
Less:	
Sewer Assessments <sup>2</sup> .....	1,165,145
<b>TOTAL DIRECT NET DEBT.....</b>	<b>\$4,671,103</b>
<b>TOTAL UNDERLYING DEBT.....</b>	<b>11,341,576</b>
<b>TOTAL NET DIRECT AND UNDERLYING DEBT.....</b>	<b>\$16,012,679</b>

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

<sup>2</sup> As of June 30, 2015.

**CURRENT DEBT RATIOS**  
July 25, 2016  
(Pro Forma)

Population <sup>1</sup> .....	9,576
Net Taxable Grand List - 10/1/15 @ 70% of full value.....	\$907,063,811
Estimated Full Value.....	\$1,295,805,444
Equalized Net Taxable Grand List - 2013 <sup>2</sup> .....	\$1,265,127,719
Money Income per Capita - 2014 <sup>3</sup> .....	\$44,522

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$5,836,248</b>	<b>\$4,671,103</b>	<b>\$16,012,679</b>
Per Capita.....	\$609.47	\$487.79	\$1,672.17
Ratio to Net Taxable Grand List.....	0.64%	0.51%	1.77%
Ratio to Estimated Full Value.....	0.45%	0.36%	1.24%
Ratio to Equalized Grand List.....	0.46%	0.37%	1.27%
Debt per Capita to Money Income per Capita.....	1.37%	1.10%	3.76%

<sup>1</sup> State of Connecticut Department of Public Health, 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 Burlington has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the procedural requirements of the Town Charter. Under the Charter, bond and note issues are authorized by the Town Meeting upon the recommendations of the Board of Finance.

## **TEMPORARY FINANCING**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding. 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 ten years, or pursuant to Public Act No. 02-114, effective October 1, 2002, eight 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
Pension Obligation 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, and late payment of taxes) and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

**STATEMENT OF STATUTORY DEBT LIMITATION**

As of July 25, 2016

(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2015 .....	\$26,746,128
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly .....	33,233
BASE .....	<u>\$26,779,361</u>

	<u>General</u>			<u>Urban</u>
<b>DEBT LIMITATION:</b>	<u>Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>
2¼ times base .....	\$60,253,562			
4½ times base .....		\$120,507,125		
3¾ times base .....			\$100,422,604	
¾ times base .....				\$87,032,923
3 times base .....				
Total debt limitation .....	<u>\$60,253,562</u>	<u>\$120,507,125</u>	<u>\$100,422,604</u>	<u>\$87,032,923</u>
<b>INDEBTEDNESS:</b>				
Bonds Payable .....	\$413,790	\$0	\$1,462,458	\$0
Notes Payable ( <i>This issue</i> ) .....	3,960,000			
Overlapping Debt .....		11,341,576 <sup>1</sup>		
Authorized but Unissued Debt .....	<u>3,965,016</u>		<u>797,561</u>	
<b>TOTAL DIRECT INDEBTEDNESS .....</b>	<b><u>\$8,338,806</u></b>	<b><u>\$11,341,576</u></b>	<b><u>\$2,260,019</u></b>	<b><u>\$0</u></b>
Less:				
Sewer Assessments .....			<u>\$1,165,145</u> <sup>2</sup>	
<b>TOTAL NET INDEBTEDNESS .....</b>	<b><u>\$8,338,806</u></b>	<b><u>\$11,341,576</u></b>	<b><u>\$1,094,874</u></b>	<b><u>\$0</u></b>
<b>DEBT LIMITATION IN EXCESS</b>				
<b>    OF OUTSTANDING AND</b>				
<b>    AUTHORIZED DEBT .....</b>	<b><u>\$51,914,756</u></b>	<b><u>\$109,165,549</u></b>	<b><u>\$99,327,729</u></b>	<b><u>\$87,032,923</u></b>

<sup>1</sup> Represents Town's share of Regional School District Number 10 Net Direct Indebtedness. The percentage of participation for the 2015-16 Fiscal Year is 65.92%.

<sup>2</sup> Represents Sewer Assessments receivable as of June 30, 2015.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$187,455,527.

**AUTHORIZED BUT UNISSUED DEBT**

As of July 25, 2015

(Pro Forma)

<u>Project</u>	<u>Amount</u>	<u>Bonded/ Paydowns/ Grants</u>	<u>These Notes</u>	<u>Debt Authorized but Unissued</u>			
				<u>General Purpose</u>	<u>Schools</u>	<u>Sewer</u>	<u>Total</u>
Senior Housing Project .....	\$2,690,335	\$2,590,350		99,985			99,985 <sup>1</sup>
Monce Rd Recreation Complex .....	1,160,658	910,650		250,008			250,008 <sup>1</sup>
Town Garage Project .....	1,474,023	1,470,000		4,023			4,023 <sup>1</sup>
Lake Garda Sewer Extension .....	2,900,000	2,102,439				797,561	797,561
Lake Garda Fire Station Replacement .....	2,780,000	514,000	\$1,780,000	486,000			486,000 <sup>2</sup>
Library Renovations & Improvements .....	3,125,000			3,125,000			3,125,000 <sup>3</sup>
<b>Total .....</b>	<b><u>\$14,130,016</u></b>	<b><u>\$7,587,439</u></b>	<b><u>\$1,780,000</u></b>	<b><u>\$3,965,016</u></b>	<b><u>\$0</u></b>	<b><u>\$797,561</u></b>	<b><u>\$4,762,577</u></b>

<sup>1</sup> The Town does not intend to issue debt pursuant to these remaining authorizations.

<sup>2</sup> It is anticipated that this project will qualify for additional State of Connecticut Grants of approximately \$486,000.

<sup>3</sup> It is anticipated that this project will qualify for State of Connecticut Library Board Grants of approximately \$1,000,000.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT <sup>1</sup>**

<b>Long-Term Debt</b>	<b>2016 Est.</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Bonds .....	\$1,876,248	\$2,338,108	\$2,797,987	\$3,253,584	\$3,709,914	\$4,164,385
<b>Short-Term Debt</b>						
Bond Anticipation Notes .....	2,500,000	0	0	0	0	0
<b>Totals .....</b>	<b>\$4,376,248</b>	<b>\$2,338,108</b>	<b>\$2,797,987</b>	<b>\$3,253,584</b>	<b>\$3,709,914</b>	<b>\$4,164,385</b>

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

**RATIO OF DIRECT 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 Debt<sup>1</sup></b>	<b>Ratio of Direct Debt to Assessed Value (%)</b>	<b>Ratio of Direct Debt to Estimated Full Value (%)</b>	<b>Population<sup>2</sup></b>	<b>Direct Debt per Capita</b>	<b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b>
2016 Est.	\$899,604,948	\$1,285,149,926	\$4,376,248	0.49%	0.34%	9,576	\$457.00	1.03%
2015	885,538,903	1,265,055,576	2,338,108	0.26%	0.18%	9,576	244.16	0.55%
2014	941,250,990	1,344,644,271	2,797,987	0.30%	0.21%	9,576	292.19	0.66%
2013	934,393,860	1,334,848,371	3,253,584	0.35%	0.24%	9,494	342.70	0.77%
2012	922,464,098	1,317,805,854	3,709,914	0.40%	0.28%	9,434	393.25	0.88%
2011	914,649,513	1,306,642,161	4,164,385	0.46%	0.32%	9,301	447.74	1.01%

<sup>1</sup> Does not include overlapping debt and capital lease obligations.

<sup>2</sup> State of Connecticut, Department of Public Health, Estimates 2010-2014.

<sup>3</sup> Income per Capita: \$44,522: U.S. Census Bureau, 2010-2014 American Community Survey.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS OUT**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service Expenditures</b>	<b>Total General Fund Expenditures and Transfers Out</b>	<b>Ratio of Total Debt Service Expenditures to Total General Fund Expenditures and Transfers Out %</b>
2016 Est.	\$518,061	33,741,150	1.54%
2015	530,418	34,014,370	1.56%
2014	542,467	32,130,618	1.69%
2013	554,139	30,692,114	1.81%
2012	520,501	30,826,223	1.69%
2011	548,471	30,470,905	1.80%

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

**THE TOWN OF BURLINGTON 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 Burlington, its officers, employees, boards and commissions, are parties in various lawsuits or proceedings. 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 final judgements against the Town which would have a materially adverse effect upon its financial position. No opinion is expressed as to litigation defended by the Insurer of the Town.

### **CLOSING DOCUMENTS**

Upon the delivery of the Notes, the Original Purchaser(s) will be furnished with the following:

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

### **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 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 of Burlington by the following officials:

**TOWN OF BURLINGTON, CONNECTICUT**

/s/ Theodore C. Shafer

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Theodore C. Shafer., *First Selectman*

/s/ James A. Chard

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James A. Chard, *Selectman*

/s/ Carl A. Salsedo

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Carl A. Salsedo, *Selectman*

/s/ David J. Bereza

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David J. Bereza, *Selectman*

/s/ Roger Powell

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Roger Powell, *Selectman*

/s/ Stephen J. Savino

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Stephen J. Savino, *Treasurer*

July 12, 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 Financial Report of the Town of Burlington 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 Director of Finance and Social Services, Town of Burlington, Burlington, Connecticut.

**APPENDIX A - BASIC FINANCIAL STATEMENTS**

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

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**Basic Financial Statements**

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Appendix A - Basic Financial Statements - is taken from the Annual Financial Report of the Town of Burlington 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 Director of Finance and Social Services, Town of Burlington, Burlington, Connecticut.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
The Town of Burlington, Connecticut

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Burlington, CT, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Burlington, CT'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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Burlington, CT, as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Town of Burlington, CT's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements of the governmental activities, the major fund, and the aggregate remaining fund information from which it has been derived.

## **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 4–10, schedule of changes in the net pension liability on pages 48 and 50, schedule of contributions on pages 49 and 51, schedule of investment returns on page 52, and schedule of funding progress on page 53 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 of Burlington, CT's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is also not a required part of the basic financial statements.

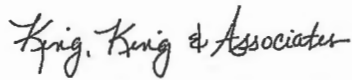
The combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 nonmajor fund financial statements and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of the Town of Burlington, CT'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 of Burlington, CT's internal control over financial reporting and compliance.



King, King & Associates, CPAs  
Winsted, CT  
January 8, 2016

**TOWN OF BURLINGTON**  
Management's Discussion and Analysis  
June 30, 2015

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

### **FINANCIAL HIGHLIGHTS**

- The assets of the Town of Burlington, CT exceeded its liabilities at the close of the most recent fiscal year by \$18,137,329 (*net position*). Of this amount, \$8,589,959 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Position of \$255,329 is restricted for various programs such as the substance abuse prevention program, small cities program, historic preservation, and the dog fund.
- The government's total net position, which is determined using the full accrual basis of accounting, decreased by \$223,257. The decrease is primarily attributable to depreciation expense greater than the addition of capital assets.
- As of the close of the current fiscal year, the Town of Burlington, CT's governmental funds reported combined ending fund balances of \$7,445,768, an increase of \$275,122 in comparison with the prior year. Of this amount, \$4,795,990 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,795,990 or 14% percent of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town of Burlington, CT's basic financial statements. The Town of Burlington, CT'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 of Burlington, CT's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position is 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 periods (e.g., earned but unused vacation leave).

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

**TOWN OF BURLINGTON**  
Management's Discussion and Analysis  
June 30, 2015

The government-wide financial statements can be found on pages 11-12 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 of Burlington, CT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Burlington, CT can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government'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 of Burlington, CT maintains twenty-three (23) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The Town of Burlington, CT adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

**Proprietary Funds.** The Town maintains two proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Operation of Senior Housing.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Burlington'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 20-21 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-47 of this report.

**TOWN OF BURLINGTON**  
**Management's Discussion and Analysis**  
**June 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Burlington, CT, assets exceeded liabilities by \$18,137,329 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 9,830,544	\$ 9,639,481	\$ 100,471	\$ 95,232	\$ 9,931,015	\$ 9,734,713
Capital Assets	11,597,236	12,216,943	32,921	37,755	11,630,157	12,254,698
<b>Total Assets</b>	<b>\$ 21,427,780</b>	<b>\$ 21,856,424</b>	<b>\$ 133,392</b>	<b>\$ 132,987</b>	<b>\$ 21,561,172</b>	<b>\$ 21,989,411</b>
Deferred Outflows						
of Resources	121,405	-	-	-	121,405	-
Long-term Liabilities	\$ 3,044,504	\$ 3,382,361	\$ -	\$ -	\$ 3,044,504	\$ 3,382,361
Other Liabilities	466,785	369,681	33,959	18,393	500,744	388,074
<b>Total Liabilities</b>	<b>3,511,289</b>	<b>3,752,042</b>	<b>33,959</b>	<b>18,393</b>	<b>3,545,248</b>	<b>3,770,435</b>
Deferred Inflows						
of Resources	-	-	-	-	-	-
Net Position:						
Net Investment						
in Capital Assets	9,259,120	9,418,948	32,921	37,755	9,292,041	9,456,703
Restricted	255,329	253,191	-	-	255,329	253,191
Unrestricted	8,523,447	8,432,243	66,512	76,839	8,589,959	8,509,082
<b>Total Net Position</b>	<b>\$ 18,037,896</b>	<b>\$ 18,104,382</b>	<b>\$ 99,433</b>	<b>\$ 114,594</b>	<b>\$ 18,137,329</b>	<b>\$ 18,218,976</b>

A portion of the Town of Burlington, CT's net position (1 percent) represents net position restricted for substance abuse prevention, small cities program, dog fund, and other purposes. The remaining balance of *unrestricted net position* (\$8,589,959) may be used to meet the government's ongoing obligations to citizen and creditors.

At the end of the current fiscal year, the Town of Burlington, CT is able to report positive balances in all categories of net position, for the government as a whole.

**TOWN OF BURLINGTON**  
**Management's Discussion and Analysis**  
**June 30, 2015**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
<i>General Revenues:</i>						
Property Taxes	\$ 26,705,156	\$ 26,062,470	\$ -	\$ -	\$ 26,705,156	\$ 26,062,470
Unrestricted Grants	76,751	78,602	-	-	76,751	78,602
Investment Income	17,157	15,922	166	158	17,323	16,080
Other Income	39,083	144,938	-	-	39,083	144,938
<i>Program Revenues:</i>						
Charges for Services	872,093	1,037,727	242,733	230,836	1,114,826	1,268,563
Capital Grants and Contributions	1,384,275	653,429	-	-	1,384,275	653,429
Operating Grants and Contributions	4,753,608	4,964,625	-	-	4,753,608	4,964,625
Total Revenues	33,848,123	32,957,713	242,899	230,994	34,091,022	33,188,707
<b>EXPENSES</b>						
<i>Governmental Activities:</i>						
General Government	2,596,893	2,501,786	-	-	2,596,893	2,501,786
Public Safety	2,014,339	1,541,874	-	-	2,014,339	1,541,874
Highway	3,043,024	2,460,623	-	-	3,043,024	2,460,623
Sanitation	1,377,771	1,366,652	-	-	1,377,771	1,366,652
Health and Welfare	81,537	91,915	-	-	81,537	91,915
Library	338,966	320,030	-	-	338,966	320,030
Recreation	855,400	257,457	-	-	855,400	257,457
Miscellaneous	96,434	61,397	-	-	96,434	61,397
Education	23,670,355	23,328,178	-	-	23,670,355	23,328,178
Interest on Long-Term Debt	36,500	46,313	-	-	36,500	46,313
<i>Business-Type Activities:</i>						
Senior Housing	-	-	196,229	181,727	196,229	181,727
Water and Sewer System	-	-	6,831	3,780	6,831	3,780
Total Expenses	34,111,219	31,976,225	203,060	185,507	34,314,279	32,161,732
Transfers	55,000	50,000	(55,000)	(50,000)	-	-
Change in Net Position	(208,096)	1,031,488	(15,161)	(4,513)	(223,257)	1,026,975
Beginning Net Position - As Restated	18,245,992	17,072,894	114,594	119,107	18,360,586	17,192,001
Ending Net Position	\$ 18,037,896	\$ 18,104,382	\$ 99,433	\$ 114,594	\$ 18,137,329	\$ 18,218,976

**Governmental Activities.** Governmental activities decreased the Town of Burlington, CT's net position by \$208,096.

Key elements of this decrease are as follows:

Seventy-nine percent (79%) of the revenues of the Town were derived from property taxes, followed by eighteen percent (18%) from grants and contributions, then two percent (2%) from charges for services and one percent (1%) of the Town's revenue in the fiscal year was derived from investment and other income.

**TOWN OF BURLINGTON**  
Management's Discussion and Analysis  
June 30, 2015

***Major Revenue Factors Included:***

- The collection of back taxes and percentage of current year taxes collected remained strong.
- Accelerated payoffs of homeowner sewer assessments due to property sales.
- State grants for Rails to Trails and Streetscape.

For Governmental Activities, 69% of the Town's expenses relate to education, 6% relate to public safety, 13% relate to public works/operations, and the remaining 12% relates to government and community services, administration and other areas.

***Major Expense Factors Include:***

- The cost of education continues to rise faster than the cost of living, some State funding programs have decreased, and Burlington's allocation of the Regional School District 10 assessments has increased due to population.
- Increased cost for snow removal.
- Increased cost for third-party paramedic services due to increased demand for services and a decrease in volunteer availability.
- Deposit on a new fire truck for BVFD.
- Costs associated with Rails to Trails and Streetscape grant-funded projects.
- Increase funding reserves for Bridge Repair, IT, and BVFD.

**Business-Type Activities.** Business-type activities decreased the Town's net position by \$15,161.

***Key Elements of this Decrease are as Follows:***

- Increase in operating and facility costs.
- Increased the contribution to the Town's Debt Service by \$5,000, for a total of \$55,000 annually.

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

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

**Governmental Funds.** The focus of the Town of Burlington, CT'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 of Burlington, CT's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**TOWN OF BURLINGTON**  
 Management's Discussion and Analysis  
 June 30, 2015

As of the end of the current fiscal year, the Town of Burlington, CT's governmental funds reported combined ending fund balances of \$7,445,768, an increase of \$275,122 in comparison with the prior year. 64% of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Town of Burlington, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,795,990. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14 percent of total General Fund expenditures.

The fund balance of the Town of Burlington, CT's General Fund decreased by \$22,449 during the current fiscal year. Key factors in this decrease are as follows:

- Tax collections were higher than anticipated.
- \$300,000 deposit on fire truck from previously committed fund balance.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- Revenue from property taxes remained strong and higher than budgeted.
- The amount anticipated to be used from surplus was not needed.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The Town of Burlington, CT's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$11,630,157 (net of accumulated depreciation). This investment in capital assets includes land and buildings, vehicles, machinery and equipment.

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

- The Town was transferred ownership of a piece of land for the firehouse project.
- Purchase of police car and radios.
- Purchase of highway equipment, including tractors and a truck.

Capital Assets  
 (Net of Depreciation)

	<u>2015</u>	<u>2014</u>
Land	\$ 1,091,114	\$ 964,114
Construction in Progress	218,635	176,284
Land Improvements	457,495	505,106
Buildings and Improvements	2,352,875	2,454,382
Infrastructure	6,791,966	7,595,650
Machinery and Equipment	188,145	202,349
Vehicles	<u>529,927</u>	<u>356,813</u>
Total	<u>\$ 11,630,157</u>	<u>\$ 12,254,698</u>

**TOWN OF BURLINGTON**  
Management's Discussion and Analysis  
June 30, 2015

Additional information on the Town of Burlington, CT's capital assets can be found in Note 7 on pages 32-33 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Town of Burlington, CT had long-term debt outstanding of \$3,044,504.

**Outstanding Debt**

	<u>2015</u>	<u>2014</u>
Compensated Absences	\$ 60,305	\$ 66,161
Net Pension Liability	536,329	459,469
Sewer Notes	1,588,116	1,797,995
Other Post Employment Benefits	109,754	58,736
G.O. Bonds	<u>750,000</u>	<u>1,000,000</u>
Total	<u>\$ 3,044,504</u>	<u>\$ 3,382,361</u>

The Town of Burlington, CT's total debt decreased \$337,857 (10 percent) during the current fiscal year. Additional information on the Town of Burlington, CT's long-term debt can be found in Note 8 on pages 33-35 of this report.

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

- The 2015/16 Mill rate increased due to reduced state, municipal, and school funding.
- The Town is anticipating a significant increase in the Education budget.
- Scheduled increase in salaries due to third year of bargaining agreement and increase in the state minimum wage.
- Employee health insurance costs are expected to continue to increase in future years.
- Anticipation of final grant reimbursement for Rails to Trails, Vineyard Road Bridge, and Covey Road Water Mains.
- The Farmington Wastewater Treatment Plant will require upgrades that have been approved. The Town may have to fund its portion of the project by assessing users.

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

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Burlington, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Board, Town of Burlington, 200 Spielman Highway, Burlington, CT 06013.

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**TOWN OF BURLINGTON**

Statement of Net Position

June 30, 2015

	Primary Government		Totals
	Governmental	Business-Type	
	Activities	Activities	
<b>ASSETS</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 6,580,850	\$ 94,984	\$ 6,675,834
Grants Receivable	885,141	-	885,141
Property Taxes Receivable, Net	588,302	-	588,302
Interest Receivable	256,281	-	256,281
Note Receivable	224,600	-	224,600
Other Receivables	-	5,487	5,487
<i>Noncurrent Assets:</i>			
Sewer Assessment Receivables	1,295,370	-	1,295,370
Nondepreciable Capital Assets	1,309,749	-	1,309,749
Capital Assets, Net of Depreciation	10,287,487	32,921	10,320,408
<b>Total Assets</b>	<b>\$21,427,780</b>	<b>\$ 133,392</b>	<b>\$21,561,172</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pensions	121,405	-	121,405
 <b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable and Accrued Expenses	\$ 415,640	\$ 16,241	\$ 431,881
Due to State of CT	178	-	178
Security Deposits	-	17,718	17,718
Prepaid Amounts from Taxpayers	-	-	-
Refundable Advance	50,967	-	50,967
General Bond Obligations	461,860	-	461,860
Other Long-Term Obligations	52,465	-	52,465
<i>Noncurrent Liabilities:</i>			
General Bond Obligations	1,876,256	-	1,876,256
Other Long-Term Obligations	653,923	-	653,923
<b>Total Liabilities</b>	<b>3,511,289</b>	<b>33,959</b>	<b>3,545,248</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
 <b>NET POSITION</b>			
Net Investment in Capital Assets	9,259,120	32,921	9,292,041
Restricted for:			
Small Cities	224,600	-	224,600
Other Purposes	30,729	-	30,729
Unrestricted	8,523,447	66,512	8,589,959
<b>Total Net Position</b>	<b>\$18,037,896</b>	<b>\$ 99,433</b>	<b>\$18,137,329</b>

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

**TOWN OF BURLINGTON**  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs:	Expenses	Program Revenues			Net (Expense) / Revenue and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 2,596,893	\$ 309,397	\$ 37,475	\$ 154,000	\$ (2,096,021)	\$ -	\$ (2,096,021)
Public Safety	2,014,339	215,874	1,800	127,000	(1,669,665)	-	(1,669,665)
Highway	3,043,024	3,513	259,536	401,739	(2,378,236)	-	(2,378,236)
Sanitation	1,377,771	268,309	-	-	(1,109,462)	-	(1,109,462)
Health and Welfare	81,537	-	60,765	-	(20,772)	-	(20,772)
Library	338,966	-	-	-	(338,966)	-	(338,966)
Recreation	855,400	75,000	-	701,536	(78,864)	-	(78,864)
Miscellaneous	96,434	-	-	-	(96,434)	-	(96,434)
Education	23,670,355	-	4,394,032	-	(19,276,323)	-	(19,276,323)
Interest Expense, not directly applied	36,500	-	-	-	(36,500)	-	(36,500)
Total Governmental Activities	<u>34,111,219</u>	<u>872,093</u>	<u>4,753,608</u>	<u>1,384,275</u>	<u>(27,101,243)</u>	<u>-</u>	<u>(27,101,243)</u>
Business-Type Activities:							
Senior Housing	196,229	237,539	-	-	-	41,310	41,310
Water	6,831	5,194	-	-	-	(1,637)	(1,637)
Total Business-Type Activities	<u>203,060</u>	<u>242,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,673</u>	<u>39,673</u>
<b>Total Primary Government</b>	<b>\$ 34,314,279</b>	<b>\$ 1,114,826</b>	<b>\$ 4,753,608</b>	<b>\$ 1,384,275</b>	<b>(27,101,243)</b>	<b>39,673</b>	<b>(27,061,570)</b>

General revenues:			
Property taxes levied for general purposes	26,705,156	-	26,705,156
Grants not restricted to specific purpose	76,751	-	76,751
Other Income	39,083	-	39,083
Unrestricted investment income	17,157	166	17,323
Transfers	55,000	(55,000)	-
Total general revenues	<u>26,893,147</u>	<u>(54,834)</u>	<u>26,838,313</u>
Change in net position	(208,096)	(15,161)	(223,257)
Net position - beginning, as restated	<u>13,245,992</u>	<u>14,594</u>	<u>18,360,586</u>
Net position - ending	<u>\$ 12,107,896</u>	<u>\$ 99,433</u>	<u>\$ 18,137,329</u>

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

**TOWN OF BURLINGTON**  
Balance Sheet  
Governmental Funds  
June 30, 2015  
(With Comparative Totals for June 30, 2014)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	
			2015	2014
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,091,488	\$ 1,489,362	\$ 6,580,850	\$ 6,994,190
Grants Receivable	885,141	-	885,141	159,916
Note Receivable	-	224,600	224,600	176,310
Property Taxes Receivable	588,302	-	588,302	564,179
Sewer Assessments Receivable	1,295,370	-	1,295,370	1,492,095
Interfund Receivables	51,603	529,000	580,603	310,806
<b>Total Assets</b>	<b>\$ 7,911,904</b>	<b>\$ 2,242,962</b>	<b>\$10,154,866</b>	<b>\$ 9,697,496</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 408,202	\$ 7,438	\$ 415,640	\$ 254,780
Due to State of CT	178	-	178	1,860
Interfund Payables	529,000	51,603	580,603	310,806
Refundable Advance	50,967	-	50,967	113,041
<b>Total Liabilities</b>	<b>988,347</b>	<b>59,041</b>	<b>1,047,388</b>	<b>680,487</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Tax	505,627	-	505,627	489,629
Deferred Sewer	1,156,083	-	1,156,083	1,356,734
<b>Total Deferred Inflows of Resources</b>	<b>1,661,710</b>	<b>-</b>	<b>1,661,710</b>	<b>1,846,363</b>
<b>FUND BALANCES</b>				
Nonspendable: Small Cities	-	224,600	224,600	176,310
Restricted (See Note 12)	-	30,729	30,729	76,881
Committed (See Note 12)	315,857	1,928,577	2,244,434	2,268,194
Assigned to				
Subsequent Year's Budget	150,000	-	150,000	181,593
Other Purposes (See Note 12)	-	15	15	7,515
Unassigned	4,795,990	-	4,795,990	4,460,153
<b>Total Fund Balances</b>	<b>5,261,847</b>	<b>2,183,921</b>	<b>7,445,768</b>	<b>7,170,646</b>
<b>Total Liabilities, Deferred Inflows of Resources And Fund Balances</b>	<b>\$ 7,911,904</b>	<b>\$ 2,242,962</b>		<b>\$ 9,697,496</b>

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,597,236
Deferred revenue for property taxes are reported in the funds but accrued as revenue in the government-wide statements and added to net position.	1,661,710
The governmental fund Balance Sheet includes revenues that will only be available to pay current period liabilities. Adjustments are necessary to accrue receivables of all earned revenues.	256,281
Certain changes related to pension are deferred and amortized over time.	121,405
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,044,504)
<b>Net position of governmental activities</b>	<b>\$18,037,896</b>

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

**TOWN OF BURLINGTON**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015  
(With Comparative Totals for June 30, 2014)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	
			<u>2015</u>	<u>2014</u>
<b>Revenues</b>				
Property Taxes	\$ 26,685,668	\$ -	\$ 26,685,668	\$ 26,048,866
Charges for Services	947,156	125,588	1,072,744	1,214,173
Contributions and Miscellaneous	39,083	4,685	43,768	149,623
Intergovernmental	6,043,674	39,275	6,082,949	5,291,971
Investment Earnings	<u>14,884</u>	<u>2,273</u>	<u>17,157</u>	<u>15,922</u>
Total Revenues	<u>33,730,465</u>	<u>171,821</u>	<u>33,902,286</u>	<u>32,720,555</u>
<b>Expenditures</b>				
Current:				
General Government	2,174,126	73,476	2,247,602	2,159,373
Public Safety	1,421,475	210,122	1,631,597	1,437,110
Highway	1,874,023	-	1,874,023	1,757,199
Sanitation	1,034,967	-	1,034,967	1,022,404
Health and Welfare	78,341	3,196	81,537	91,915
Library	334,508	-	334,508	320,758
Recreation	197,095	-	197,095	205,592
Miscellaneous	121,805	-	121,805	249,606
Education	23,670,355	-	23,670,355	23,328,178
Capital Expenditures	1,958,257	-	1,958,257	595,516
Debt Service:				
Principal	459,879	-	459,879	457,939
Interest	<u>70,539</u>	<u>-</u>	<u>70,539</u>	<u>84,528</u>
Total Expenditures	<u>33,395,370</u>	<u>286,794</u>	<u>33,682,164</u>	<u>31,710,118</u>
Excess/(Deficiency) of Revenues Over Expenditures	335,095	(114,973)	220,122	1,010,437
<b>Other Financing Sources/(Uses)</b>				
Transfers In	261,456	647,172	908,628	657,392
Transfers Out	<u>(619,000)</u>	<u>(234,628)</u>	<u>(853,628)</u>	<u>(607,392)</u>
Total Other Financing Sources/(Uses)	<u>(357,544)</u>	<u>412,544</u>	<u>55,000</u>	<u>\$0,000</u>
Net Change in Fund Balances	(22,449)	297,571	275,122	1,060,437
<b>Fund Balances - Beginning</b>	<u>5,284,296</u>	<u>1,886,350</u>	<u>7,170,646</u>	<u>6,110,209</u>
<b>Fund Balances - Ending</b>	<u>\$ 5,261,847</u>	<u>\$ 2,183,921</u>	<u>\$ 7,445,768</u>	<u>\$ 7,170,646</u>

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

**TOWN OF BURLINGTON**

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 \$ 275,122

Amounts reported for *governmental activities* in the statement of activities are 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. This is the amount by which depreciation exceeded capital outlays in the current period. (619,707)

Property taxes and sewer assessments in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but were previously recognized in the statement of activities. (181,163)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bond Principal Repayments	250,000
Notes Payable Principal Repayments	209,879

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (142,227)

Change in net position of governmental activities \$ (208,096)

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

**TOWN OF BURLINGTON**  
 Budgetary Comparison Statement  
 General Fund  
 For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	Differences Favorable / (Unfavorable)
	<u>Original</u>	<u>Final</u> <u>Adjusted</u>		
<b>Revenues</b>				
Property Taxes	\$26,070,128	\$26,070,128	\$ 26,685,668	\$ 615,540
Intergovernmental	4,831,126	4,831,126	4,779,110	(52,016)
Appropriated from Surplus	181,593	181,593	-	(181,593)
Other Revenues	1,030,468	1,030,468	1,035,680	5,212
Investment Earnings	<u>10,000</u>	<u>10,000</u>	<u>14,884</u>	<u>4,884</u>
Total Revenues	<u>32,123,315</u>	<u>32,123,315</u>	<u>32,515,342</u>	<u>392,027</u>
<b>Expenditures</b>				
Current:				
General Government	2,187,040	2,131,521	2,139,180	(7,659)
Public Safety	1,474,122	1,427,871	1,424,789	3,082
Highway	1,685,170	1,797,630	1,795,624	2,006
Sanitation	1,086,500	1,021,842	1,015,769	6,073
Health and Welfare	91,184	78,342	78,341	1
Library	333,664	333,747	333,605	142
Recreation	212,267	194,963	195,713	(750)
Miscellaneous	333,051	426,902	408,397	18,505
Education	23,670,358	23,670,358	23,670,355	3
Capital Expenditures	518,684	509,716	509,714	2
Debt Service:				
Principal	459,881	459,881	459,879	2
Interest	<u>71,394</u>	<u>70,542</u>	<u>70,539</u>	<u>3</u>
Total Expenditures	<u>32,123,315</u>	<u>32,123,315</u>	<u>32,101,905</u>	<u>21,410</u>
<b>Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,437</u>	<u>\$ 413,437</u>

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

**TOWN OF BURLINGTON**  
Statement of Net Position  
Proprietary Funds  
June 30, 2015  
(With Comparative Totals for June 30, 2014)

	Senior Housing Fund	Water Fund	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
<b>ASSETS</b>				
<i>Current Assets:</i>				
Cash	\$ 59,224	\$ 16,237	\$ 75,461	\$ 73,050
Cash - Security Deposits	19,523	-	19,523	19,392
Accounts Receivable	5,284	203	5,487	2,790
<b>Total Current Assets</b>	<u>84,031</u>	<u>16,440</u>	<u>100,471</u>	<u>95,232</u>
 Fixed Assets, net of depreciation	 32,921	 -	 32,921	 37,755
<b>Total Assets</b>	<u>\$ 116,952</u>	<u>\$ 16,440</u>	<u>\$ 133,392</u>	<u>\$ 132,987</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>LIABILITIES</b>				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 16,241	\$ -	\$ 16,241	\$ -
Security Deposits	17,718	-	17,718	18,393
<b>Total Current Liabilities</b>	<u>33,959</u>	<u>-</u>	<u>33,959</u>	<u>18,393</u>
<b>Total Liabilities</b>	<u>33,959</u>	<u>-</u>	<u>33,959</u>	<u>18,393</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	32,921	-	32,921	37,755
Unrestricted	50,072	16,440	66,512	76,839
<b>Total Net Position</b>	<u>\$ 82,993</u>	<u>\$ 16,440</u>	<u>\$ 99,433</u>	<u>\$ 114,594</u>

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

**TOWN OF BURLINGTON**  
Statement of Revenues, Expenditures, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015  
(With Comparative Totals for June 30, 2014)

	Senior Housing Fund	Water Fund	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES</b>				
Water Sales	\$ -	\$ 5,194	\$ 5,194	\$ 4,062
Rent Revenue	233,555	-	233,555	222,285
Service Revenue	3,984	-	3,984	4,489
Total Operating Revenues	<u>237,539</u>	<u>5,194</u>	<u>242,733</u>	<u>230,836</u>
<b>OPERATING EXPENSES</b>				
Water Purchased	-	6,831	6,831	3,780
Salaries, Benefits and Taxes	40,624	-	40,624	43,357
Supplies	1,930	-	1,930	2,420
Occupancy	70,360	-	70,360	64,234
Insurance	4,956	-	4,956	-
Repairs and Maintenance	58,771	-	58,771	49,577
Contracted Services	9,680	-	9,680	8,480
Depreciation	4,834	-	4,834	4,187
Other	5,074	-	5,074	9,472
Total Operating Expenses	<u>196,229</u>	<u>6,831</u>	<u>203,060</u>	<u>185,507</u>
Operating Income/(Loss)	41,310	(1,637)	39,673	45,329
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
Income from Invested Funds	151	15	166	158
Transfer to General Fund	<u>(55,000)</u>	<u>-</u>	<u>(55,000)</u>	<u>(50,000)</u>
Change in Net Position	(13,539)	(1,622)	(15,161)	(4,513)
Net Position - July 1, 2014	<u>96,532</u>	<u>18,062</u>	<u>114,594</u>	<u>119,107</u>
Net Position - June 30, 2015	<u>\$ 82,993</u>	<u>\$ 16,440</u>	<u>\$ 99,433</u>	<u>\$114,594</u>

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

**TOWN OF BURLINGTON**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015  
(With Comparative Totals for June 30, 2014)

	Senior Housing Fund	Water Fund	Totals	
			<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>				
Receipts from Tenants	\$ 250,485	\$ -	\$250,485	\$227,794
Receipts from Customers	-	5,117	5,117	4,364
Payments to Vendors and Suppliers	(150,771)	(6,831)	(157,602)	(137,963)
Payments to Employees	<u>(40,624)</u>	<u>-</u>	<u>(40,624)</u>	<u>(43,357)</u>
Net Cash Provided/(Used) by Operating Activities	<u>59,090</u>	<u>(1,714)</u>	<u>57,376</u>	<u>50,838</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments to General Fund for Debt Service	<u>(55,000)</u>	<u>-</u>	<u>(55,000)</u>	<u>(50,000)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(55,000)</u>	<u>-</u>	<u>(55,000)</u>	<u>(50,000)</u>
<b>Cash Flows from Investing Activities:</b>				
Purchase of Fixed Assets	-	-	-	(5,963)
Interest Income	<u>151</u>	<u>15</u>	<u>166</u>	<u>158</u>
Net Cash Provided/(Used) by Investing Activities	<u>151</u>	<u>15</u>	<u>166</u>	<u>(5,805)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	4,241	(1,699)	2,542	(4,967)
Cash, Beginning of the Year	<u>74,506</u>	<u>17,936</u>	<u>92,442</u>	<u>97,409</u>
Cash, End of the Year	<u>\$ 78,747</u>	<u>\$16,237</u>	<u>\$ 94,984</u>	<u>\$ 92,442</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:</b>				
Operating Income	\$ 41,310	\$ (1,637)	\$ 39,673	\$ 45,329
Change in Assets and Liabilities:				
Accounts Receivable	(2,620)	(77)	(2,697)	563
Depreciation Expense	4,834	-	4,834	4,187
Accounts Payable	16,241			
Security Deposit Liability	<u>(675)</u>	<u>-</u>	<u>(675)</u>	<u>759</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 59,090</u>	<u>\$ (1,714)</u>	<u>\$ 41,135</u>	<u>\$ 50,838</u>

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

**TOWN OF BURLINGTON**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015  
(With Comparative Totals for June 30, 2014)

	Pension <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	Agency <u>Funds</u>	<u>Totals</u>	
				<u>2015</u>	<u>2014</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 82,227	\$ 108,681	\$ 12,822	\$ 203,730	\$ 320,934
Participant Loans	46,484	-	-	46,484	39,473
Investments					
Money Markets, Stocks, Bonds, S/T Investments	<u>2,337,647</u>	<u>-</u>	<u>-</u>	<u>2,337,647</u>	<u>2,107,768</u>
<b>Total Assets</b>	<u><u>\$2,466,358</u></u>	<u><u>\$ 108,681</u></u>	<u><u>\$ 12,822</u></u>	<u><u>\$2,587,861</u></u>	<u><u>\$2,468,175</u></u>
<b>Deferred Outflows of Resources</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fiduciary Deposits	<u>-</u>	<u>-</u>	<u>12,822</u>	<u>12,822</u>	<u>14,022</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>12,822</u>	<u>12,822</u>	<u>14,022</u>
<b>Deferred Inflows of Resources</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>					
Restricted for Pension Benefits	2,466,358	-	-	2,466,358	2,350,531
Held in Trust for Other Purposes	<u>-</u>	<u>108,681</u>	<u>-</u>	<u>108,681</u>	<u>103,622</u>
<b>Total Net Position</b>	<u><u>\$2,466,358</u></u>	<u><u>\$ 108,681</u></u>	<u><u>\$ -</u></u>	<u><u>\$2,575,039</u></u>	<u><u>\$2,454,153</u></u>

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

**TOWN OF BURLINGTON**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2015  
(With Comparative Totals for June 30, 2014)

	Pension Trust Fund	Private Purpose Trust Funds	Totals	
			2015	2014
<b>Additions</b>				
Employer Contributions	\$ 170,959	\$ -	\$ 170,959	\$ 210,794
Employee Contributions	81,645	-	81,645	72,550
Donations	-	19,284	19,284	8,560
Investment Income:				
Interest/Dividends	46,227	127	46,354	52,778
Realized/Unrealized Gains/(Losses)	62,050	-	62,050	324,252
<b>Total Additions</b>	<u>360,881</u>	<u>19,411</u>	<u>380,292</u>	<u>668,934</u>
<b>Deductions</b>				
Pension Benefits Paid	236,639	-	236,639	785,388
Insurance Premiums	8,415	-	8,415	8,237
Maintenance	-	14,352	14,352	9,647
<b>Total Deductions</b>	<u>245,054</u>	<u>14,352</u>	<u>259,406</u>	<u>803,272</u>
<b>Change in Net Position</b>	115,827	5,059	120,886	(134,338)
<b>Net Position - Beginning</b>	<u>2,350,531</u>	<u>103,622</u>	<u>2,454,153</u>	<u>2,588,491</u>
<b>Net Position - Ending</b>	<u>\$2,466,358</u>	<u>\$ 108,681</u>	<u>\$2,575,039</u>	<u>\$ 2,454,153</u>

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

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**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Town of Burlington is a municipal corporation operating under Town Charter. The form of government includes an elected Board of Selectmen and an elected Board of Finance. The Town provides the following services: general government services, public safety, public works, public health and welfare, culture, recreation, and water and sewer utilities. Educational services are provided by Regional School District #10, of which the towns of Burlington and Harwinton are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of Burlington residents attending the District's schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive, chief administrative officer and budget-making authority of the Town. The Board of Finance is responsible for revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The accounting and reporting policies of the Town relating to the funds included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Town are described below.

The Town's financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Burlington (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches. The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of Burlington.

Based upon the foregoing criteria, the following organization is not considered part of the Town and is excluded from the accompanying financial statements:

Regional School District #10

The district issues separate financial statements available in the Town Clerk's office.

**Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Exceptions to this general rule include: voluntary non-exchange transactions when all eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, and claims and judgments that are recorded only when payment is due.

Property taxes when levied, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner.

The Town reports the following major proprietary funds:

*Water Fund* is used to account for Water sales and expenses.

*Senior Housing Fund* is used to account for rent revenue and expenses for Evergreens Senior Housing.

Additionally, the government reports the following fund types:

*Fiduciary Fund Types*

Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organization, or other governments.

The Pension Trust Fund is used to account for the accumulation of resources to be used for retirement benefits.

Agency Funds account for monies held as a custodian for outside groups and agencies.

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to members and residents for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services and tenant rents. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Estimates**

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

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

*Cash and Cash Equivalents* - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. The above definition of cash applies to the proprietary funds statement of cash flows.

*Receivables and Payables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible motor vehicle and personal property taxes in the amount of \$8,000. Property taxes are assessed of October 1 and billed the following July. Real and personal property bills are payable in two installments, July 1 and January 1. Motor vehicle taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are filed by the last day of the fiscal year. Sewer assessments are levied and assessed to users as projects are completed. Assessments are due and payable as of May 1 following the levy, but may be paid in installments with interest over the life of the bond issues. All properties are levied until the assessment is paid in full.

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*Investments* - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The pension and other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

*Inventories* - All materials and supplies are recorded as expenditures in the year purchased. Material and supplies held at year-end are not considered material to these financial statements.

*Advances to and from Other Funds* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

*Capital Assets* - Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For governmental activities, capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. For business-type activities, capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	20-40
Vehicles	5
Equipment	3-20
Infrastructure	20

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items, which arise only under a modified accrual basis of accounting that qualify for reporting in this

**TOWN OF BURLINGTON**  
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category. Accordingly, the items, Deferred Taxes and Deferred Sewer, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from taxes and sewer. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

*Compensated Absences* - Employees accrue vacation and sick leave based upon length of employment. Under certain union contracts, the Town employees' unused vacation can be carried over to the next year within certain limits and be paid upon death, retirement, or termination. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

*Long-Term Obligations* - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

*Fund Equity and Net Position*— In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the Town, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

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*Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Finance and Town Meeting in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by formal action through adoption of a motion by the Board of Selectman or Board of Finance.

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies requiring it to maintain a minimum fund balance.

*Comparative Data* - Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

	<u>2015</u>
Bonds and Notes Payable	\$ 2,338,116
Net Pension Liability	536,329
Other Post Employment Benefits	109,754
Compensated Absences	<u>60,305</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i>	
<i>to arrive at net position-governmental activities</i>	<u>\$ 3,044,504</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this \$619,707 difference are as follows:

	<u>2015</u>
Capital Outlay	\$ 739,878
Depreciation Expense	<u>(1,359,585)</u>

Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at changes in net position of <i>governmental activities</i>	<u>\$ (619,707)</u>
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Another element of that reconciliation states that: some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:

	<u>2015</u>
(Increase)/Decrease in:	
Compensated Absences	\$ 5,856
Deferred Pension Outflow	(20,205)
OPEB	(51,018)
Net Pension Liability	<u>(76,860)</u>
Net Adjustment	<u>\$ (142,227)</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information and Accounting**

The Town of Burlington follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance.
- The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any additional appropriations exceeding \$10,000 to any one department must be approved at a Town meeting.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.

**TOWN OF BURLINGTON**  
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- All non-continuing appropriations lapse at year-end. Capital appropriations do not lapse until completion of the applicable projects.
- Encumbrance accounting is not used.

**Budgetary/GAAP Reconciliation**

The Town of Burlington prepares its annual budget on a basis (budget basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the Town's method (budget basis) in the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund* to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that unbudgeted grants and capital expenditures are not included in the budget statements and are recorded as revenues and expenditures in the GAAP statements. Certain interfund transfers are also recorded as revenues when received for the budget statements rather than operating transfers in the GAAP statements. The budget as presented has been amended by the Board of Finance throughout the year.

Adjustments necessary to reconcile the budget basis to GAAP basis are presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>	<u>Change</u>
Balance, Budgetary Basis	\$ 32,515,342	\$ 32,101,905	\$ -	\$ 413,437
Revenue adjustments for:				
Unbudgeted Grants	1,270,123	-	-	1,270,123
Transfers In	(55,000)	-	261,456	206,456
Expenditure adjustments for:				
Unbudgeted Grants	-	1,322,866	-	(1,322,866)
Other Expenditures	-	447,945	-	(447,945)
Transfers Out	-	(477,346)	(619,000)	(141,654)
Balance, GAAP Basis	<u>\$ 33,730,465</u>	<u>\$ 33,395,370</u>	<u>\$ (357,544)</u>	<u>\$ (22,449)</u>

**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The deposits of public funds are controlled by the Connecticut General Statutes. The following is a summary of cash and cash equivalents at June 30, 2015:

**Detailed Cash Notes on all Funds**

	Governmental	Business	Fiduciary	<u>Totals</u>	
	<u>Activities</u>	<u>Type Activities</u>		<u>2015</u>	<u>2014</u>
Demand Accounts	\$ 2,559,462	\$ 94,984	\$ 203,730	\$ 2,858,176	\$ 3,225,929
Money Market	4,021,388	-	-	4,021,388	4,181,042
MBIA CLASS	-	-	-	-	595
Total Cash and Cash					
Equivalents	<u>\$ 6,580,850</u>	<u>\$ 94,984</u>	<u>\$ 203,730</u>	<u>\$ 6,879,564</u>	<u>\$ 7,407,566</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**Deposits and Investments**

*Custodial Credit Risk - Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the Town's carrying amount of deposits was \$2,858,176 and the bank balance was \$3,250,642. Of the bank balance, Federal Depository Insurance Corporation insured \$562,330. As of June 30, 2015, \$2,688,312 of the Town's bank balance of \$3,250,642 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,369,481
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	318,831
Total	\$ 2,688,312

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

*Credit Risk* - The Town has no investment policy that limits the investment choices further than the State Statutes listed above.

*Custodial Credit Risk - Investments.* This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's investments are held in various trustee accounts in the Town's name. The Town's mutual funds are not subject to custodial credit risk, as the Town's investment is not directly exposed to custodial credit risk.

As of June 30, 2015, the Town had the following investments:

	Fair Value	Investment Maturities	
		Less Than 1 yr.	1-5 yrs.
Certificate of Deposit	\$ 385,039	\$ -	\$ 385,039
Corporate Stock	1,447,058	N/A	-
Mutual Funds	187,793	N/A	-
Corporate Bonds	282,871	-	282,871
Short-Term Investments	34,886	N/A	-
Total Investments	\$ 2,337,647	\$ -	\$ 667,910

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**NOTE 5 – RECEIVABLES**

As of June 30, 2015, Town receivable balances are as follows:

	General	Nonmajor	Proprietary	Totals	
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>2015</u>	<u>2014</u>
Sewer Use Charges	\$ 130,225	\$ -	\$ -	\$ 130,225	\$ 128,884
Sewer Assessments**	1,165,145	-	-	1,165,145	1,363,211
Water Use Fees	-	-	203	203	126
Grants Receivable	885,141	-	-	885,141	159,916
Note Receivable	-	224,600	-	224,600	176,310
Other Receivables	-	-	5,284	5,284	2,664
Property Taxes*	588,302	-	-	588,302	564,179
<b>Totals</b>	<b>\$ 2,768,813</b>	<b>\$ 224,600</b>	<b>\$ 5,487</b>	<b>\$ 2,998,900</b>	<b>\$ 2,395,290</b>

\*Property taxes receivable above is shown net of \$8,000 allowance for uncollectibles.

\*\*A significant amount of sewer assessments are not expected to be collected within one year.

**NOTE 6 – INTERFUND ADVANCES**

Interfund advances that resulted from various interfund transactions were as follows:

	Due To:		Totals	
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>2015</u>	<u>2014</u>
<u>Due From:</u>				
General Fund	\$ -	\$ 529,000	\$ 529,000	\$ 310,806
Nonmajor Funds	51,603	-	51,603	-
	<u>\$ 51,603</u>	<u>\$ 529,000</u>	<u>\$ 580,603</u>	<u>\$ 310,806</u>

The balance due from the General Fund owed for transfers is to the Land Purchase Reserve, BVFD Building Fund, Town Hall Renovation Fund, Vineyard Road Bridge Fund, and IT Reserve Fund.

Interfund Transfers during the year ended June 30, 2015 were as follows:

	Transfers from:			Totals	
	<u>Nonmajor Funds</u>	<u>Senior Housing Fund</u>	<u>General Fund</u>	<u>2015</u>	<u>2014</u>
<u>Transfers to:</u>					
Nonmajor Funds	\$ 28,172	\$ -	\$ 619,000	\$ 647,172	\$ 541,211
General Fund	206,456	55,000	-	261,456	116,181
<b>Total</b>	<b>\$ 234,628</b>	<b>\$ 55,000</b>	<b>\$ 619,000</b>	<b>\$ 908,628</b>	<b>\$ 657,392</b>

Transfers are used to account for unrestricted revenues from the General Fund used to finance various programs accounted for in other funds in accordance with budget authorizations. Transfers from Senior Housing are for annual payments made to the General Fund.

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**NOTE 7 – CAPITAL ASSETS**

The following is a summary of the change in capital assets as of June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 964,114	\$ 127,000	\$ -	\$ 1,091,114
Construction in Progress	176,284	158,340	(115,989)	218,635
Total capital assets, not being depreciated	<u>1,140,398</u>	<u>285,340</u>	<u>(115,989)</u>	<u>1,309,749</u>
Capital assets, being depreciated				
Buildings & Improvements	6,991,563	154,000	-	7,145,563
Infrastructure	25,595,274	-	-	25,595,274
Land Improvements	1,028,322	-	-	1,028,322
Machinery & Equipment	724,725	50,683	-	775,408
Vehicles	1,687,429	365,844	-	2,053,273
Total capital assets, being depreciated	<u>36,027,313</u>	<u>570,527</u>	<u>-</u>	<u>36,597,840</u>
Less accumulated depreciation for:				
Buildings & Improvements	4,543,686	255,150	-	4,798,836
Infrastructure	17,999,624	803,683	-	18,803,307
Land Improvements	523,216	47,612	-	570,828
Machinery & Equipment	553,626	60,410	-	614,036
Vehicles	1,330,616	192,730	-	1,523,346
Total accumulated depreciation	<u>24,950,768</u>	<u>1,359,585</u>	<u>-</u>	<u>26,310,353</u>
Total capital assets, being depreciated	<u>11,076,545</u>	<u>(789,058)</u>	<u>-</u>	<u>10,287,487</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 12,216,943</u>	<u>\$ (503,718)</u>	<u>\$ (115,989)</u>	<u>\$ 11,597,236</u>
<i>Business-Type Activities:</i>				
Capital assets, being depreciated				
Buildings & Improvements	\$ 7,162	\$ -	\$ -	\$ 7,162
Machinery & Equipment	50,495	-	-	50,495
Total capital assets, being depreciated	<u>57,657</u>	<u>-</u>	<u>-</u>	<u>57,657</u>
Less accumulated depreciation for:				
Buildings & Improvements	657	358	-	1,015
Machinery & Equipment	19,245	4,476	-	23,721
Total accumulated depreciation	<u>19,902</u>	<u>4,834</u>	<u>-</u>	<u>24,736</u>
Total capital assets, being depreciated, net	<u>37,755</u>	<u>(4,834)</u>	<u>-</u>	<u>32,921</u>
<i>Business Activities capital assets, net</i>	<u>\$ 37,755</u>	<u>\$ (4,834)</u>	<u>\$ -</u>	<u>\$ 32,921</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

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

	<u>2015</u>	<u>2014</u>
Governmental activities:		
General Government	\$ 187,220	\$ 173,867
Highways and Streets	767,122	702,473
Library	986	986
Public Safety	40,022	22,418
Recreation	55,470	55,471
Sanitation	308,765	308,766
Totals	\$ 1,359,585	\$ 1,263,981
Business-type activities:		
Senior Housing	\$ 4,834	\$ 4,187

**Construction and Other Commitments**

The Town has active construction projects as of June 30, 2015. The projects include a library expansion, bridge repairs, and the firehouse. At year-end, the Town's commitments were as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Firehouse	\$ 61,693	\$ 2,718,307
Library Expansion	25,500	3,099,500
Vineyard Road Bridge	131,442	1,368,558
	\$ 218,635	\$ 7,186,365

The Town approved the construction of a firehouse for an amount not to exceed \$2,780,000 of which \$1,000,000 will be paid by grants from the State of Connecticut.

The Town approved the expansion of the library for an amount not to exceed \$3,125,000 of which \$1,000,000 will be paid by grants from the State of Connecticut.

The Town approved the purchase of open space for active recreational uses or related municipal purposes in an amount not to exceed \$2,180,000 provided that it is purchased within 3 fiscal years.

**NOTE 8 – LONG-TERM DEBT LIABILITIES**

At June 30, 2015, the Town of Burlington had various general obligation bonds and notes outstanding.

Sewer notes - State of Connecticut Clean Water Fund: Date of issue - 6/30/98, maturing - 6/30/2017, interest rate of 2%.	\$ 163,180
Sewer notes - State of Connecticut Clean Water Fund: Date of issue - 4/28/00, maturing - 6/30/2017, interest rate of 2%.	60,412
Sewer notes - State of Connecticut Clean Water Fund: Date of issue - 8/31/08, maturing - 8/17/2027, interest rate of 2%.	1,364,524
General Obligation Bonds -- Date of issue -- 8/15/2012, maturing -- 8/15/2017, varying interest rates of 3.0%-4.3%.	750,000
Total G.O. Bonds & Sewer Notes	\$ 2,338,116

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	\$ 66,161	\$ -	\$ 5,856	\$ 60,305	\$ 52,465
Net Pension Liability	459,469	76,860	-	536,329	-
Other Post Employment Benefits	58,736	51,018	-	109,754	-
G.O. Bonds & Sewer Notes	2,797,995	-	459,879	2,338,116	461,860
Total	<u>\$ 3,382,361</u>	<u>\$ 127,878</u>	<u>\$ 485,735</u>	<u>\$ 3,044,504</u>	<u>\$ 514,325</u>

The General Fund has historically been used to liquidate long-term liabilities. The Senior Housing Fund reimburses the General Fund for a portion of debt service payments.

**Summary of Bond and Note Payments**

A summary of future bond and note payments as of June 30, 2015 are as follows:

Payment requirements by fiscal year	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015-2016	\$ 461,860	\$ 56,219
2016-2017	463,886	41,569
2017-2018	354,147	27,671
2018-2019	106,250	20,194
2019-2020	108,394	18,049
2021-2025	575,686	56,532
2026-2030	267,893	6,070
Totals	<u>\$ 2,338,116</u>	<u>\$ 226,304</u>

Interest expense was charged to functions/programs of the primary government as follows:

	<u>2015</u>	<u>2014</u>
<i>Governmental Activities:</i>		
Sanitation	\$ 34,039	\$ 38,215
Interest Expense	36,500	46,313
Total interest expense-Governmental Activities	<u>\$ 70,539</u>	<u>\$ 84,528</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

***Operating Leases***

The Town entered into an operating lease for copiers requiring 39 monthly payments of \$618 beginning October 2012. The lease expires December 2015. The Town entered into an operating lease for a mailing system. The lease requires 20 quarterly payments of \$1,116 beginning in September 2014. The lease expires in June 2019. The total lease payments for the current fiscal year were \$10,146. The following is a summary of the subsequent payment requirements:

2016	\$	8,172
2017		4,464
2018		4,464
2019		4,464

***Overlapping Debt***

The Town is responsible for 65.19% of Regional School District #10's outstanding debt, which was \$18,865,000, less grants receivable of \$285,826 as of June 30, 2015. Payment of Regional's debt is included in the yearly budget appropriation approved by the Town. Changes in the debt are as follows:

	<u>Balance</u>		<u>Additions</u>		<u>Reductions</u>	<u>Balance</u>
Regional School District No. 10	\$ 13,183,696	\$	-	\$	1,071,932	\$ 12,111,764

**NOTE 9 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Town purchases commercial insurance to cover most potential risks of loss. Neither the Town nor its insurers have settled any claim within the past year, which have exceeded the Town's insurance coverage. There were no significant changes in coverage from the prior year, and no settlements have exceeded insurance coverage in the last three years.

The Town belongs to the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool currently operating as a common risk management and insurance program for a comprehensive workers' compensation insurance program through its workers' compensation pool. The Town pays an annual premium to the pool for its coverage. The agreement for the formation of CIRMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event to an unlimited excess limit. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, New Haven, CT.

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**NOTE 10 – LITIGATION AND CONTINGENCIES**

The Town and its employees are defendants in various other claims and legal actions. It is the opinion of Town officials that such 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 materially adversely affect its financial position.

The Town participates in several Federal and State assisted grants programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2015 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

**NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The Town of Burlington stopped accepting solid waste at its landfill site in 1991. State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill after the closure was completed. Monitoring and testing costs have averaged less than \$5,000 per year since 1991 and are budgeted annually in the General Fund. Landfill postclosure liability is not considered material to these financial statements. However, due to changes in technology, laws or regulations these costs may change in the future

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**NOTE 12 – FUND BALANCE**

The following balances were restricted, committed, or assigned at June 30:

	General Fund	Nonmajor Funds	Totals	
			2015	2014
<b>Restricted:</b>				
Historic Preservation	\$ -	\$ 9,390	\$ 9,390	\$ 15,280
Substance Abuse Prevention	-	4,672	4,672	3,183
Small Cities	-	107	107	33,982
Emergency Management	-	1,201	1,201	259
Dog Fund	-	15,359	15,359	24,177
Total Restricted	<u>\$ -</u>	<u>\$ 30,729</u>	<u>\$ 30,729</u>	<u>\$ 76,881</u>
<b>Committed:</b>				
Rails to Trails	\$ -	\$ -	\$ -	\$ 160,000
Fire Dept. Architectural	5,857	-	5,857	67,550
Fire Dept. Award	-	-	-	53,757
Fire Dept. Apparatus	-	-	-	300,000
Highway Equipment	-	115,367	115,367	266,829
Sewer Maintenance	-	305,765	305,765	203,764
Land Purchase Reserve	-	284,034	284,034	193,753
Town Center	-	6,895	6,895	114,395
Revaluation Reserve	-	79,930	79,930	44,863
Barrel Fund	-	108,887	108,887	103,662
Farmland Preservation	-	58,133	58,133	54,564
Police Capital Reserve	-	8,257	8,257	65,492
Barnes Hill Bridge	310,000	-	310,000	-
Vineyard Road Bridge	-	295,410	295,410	190,138
BVFD Building	-	319,862	319,862	177,020
Angela's Way	-	45,151	45,151	45,084
Library Expansion	-	7,434	7,434	12,330
Town Hall Renovation	-	106,214	106,214	48,000
IT Reserve	-	50,052	50,052	30,012
Snow Removal	-	137,186	137,186	136,981
Total Committed	<u>\$ 315,857</u>	<u>\$ 1,928,577</u>	<u>\$ 2,244,434</u>	<u>\$ 2,268,194</u>
<b>Assigned:</b>				
Subsequent Year's Budget	\$ 150,000	\$ -	\$ 150,000	\$ 181,593
<b>Other Purposes:</b>				
Forfeit & Property	-	15	15	15
Town Center	-	-	-	7,500
Total Assigned to Other Purposes	<u>-</u>	<u>15</u>	<u>15</u>	<u>7,515</u>
Total Assigned	<u>\$ 150,000</u>	<u>\$ 15</u>	<u>\$ 150,015</u>	<u>\$ 189,108</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**NOTE 13 – PENSION PLANS**

**General Information about the Pension Plan – Town Employees**

*Plan Administrator* - The *Town of Burlington Employees' Pension Plan* is a single-employer defined benefit plan that is administered by the Town of Burlington. Benefits are established and may be amended by the Plan Trustees, which consist of the First Selectmen and the Treasurer. The plan is a contributory defined benefit plan known as a "Prototype Split Funded Defined Benefit Pension Plan". The agent for the plan, ACG Associates, Inc. provides the Town (employer) with a publicly available stand-alone financial report that is available through the First Selectman's office.

**Net Pension Liability**

*Plan Membership* – As of July 1, 2014 (the date of the most recent valuation), pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	20
	<hr/>
	23
	<hr/> <hr/>

*Benefits Provided* – The pension plan provides retirement, disability and death benefits for all eligible full-time employees of the Town, and is included as a fiduciary fund of the Town. Town Hall and Library full-time employees are eligible to participate on the Anniversary date nearest the completion of one year of service and upon attaining Age 21. Highway Department full-time employees hired on or before July 1, 2014 are eligible to participate on the Anniversary date nearest the completion of one year of service and upon attaining age 21. The retirement plan provides a monthly benefit equal to the greater of 2% of compensation times all years of service (not to exceed 40 years), or not less than the individual participant's benefit as provided on July 1, 1984. Basis of the benefit is Life Annuity. Benefits are established and may be amended by the Trustees. In most cases, upon retirement by the eligible employee, the pension fund purchases an annuity from an insurance company, which is then responsible for benefit payments to the retiree and the retiree is no longer part of the Town's pension plan.

*Contributions* – Contribution requirements and benefit provisions were established and may be amended by the Trustees. Plan administration costs are budgeted from the Town's General Fund. Highway Department employees are required to contribute 5% of compensation as their share of the total contribution. Town Hall and Library employees hired on or before July 1, 2014 are required to contribute 5.5% of compensation as their share of the total contribution. Town Hall and Library employees hired after July 1, 2014 are required to contribute 6.5% of compensation as their share of the total contribution. The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined 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. For the year ended June 30, 2015, the actuarially determined contribution was \$155,390 and the actual contribution was \$224,375.

**Investments**

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

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

There were no investments that represented 5% or more of the pension plan's fiduciary net position.

*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 expenses, was 4.26 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Currently there is no Deferred Retirement Option Plan.

*Funded Status and Funding Progress* – The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The components of the net pension liability at June 30, 2015, were as follows:

Schedule of Net Pension Liability

	<u>2015</u>
Total Pension Liability *	\$ 2,301,018
Plan Fiduciary net position	<u>(1,828,992)</u>
Net pension liability (asset)	472,026
Plan fiduciary net position as a percentage of total pension liability	79.49%
Covered-employee payroll	\$ 1,163,324
Net pension liability as a % of covered employee payroll	40.58%

\* Total pension liability calculated using the Aggregate Actuarial Cost Method

The changes in the Net Pension Liability for the year ended June 30, 2015 were:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 2,184,205	\$ 1,711,714	\$ 472,491
Charges for the year			
Service Cost	118,364	-	118,364
Interest	146,082	-	146,082
Changes of benefit terms	-	-	-
Differences between expected and actual experience	32,022	-	32,022
Changes of assumptions	-	-	-
Employer Contributions	-	163,518	(163,518)
Employee Contributions	-	60,857	(60,857)
Net Investment Income	-	79,571	(79,571)
Benefit Payments	(179,655)	(179,655)	-
Other Changes	-	(7,013)	7,013
Net Changes	<u>116,813</u>	<u>117,278</u>	<u>(465)</u>
Balance at June 30, 2015	<u>\$ 2,301,018</u>	<u>\$ 1,828,992</u>	<u>\$ 472,026</u>

Plan fiduciary net position as a percentage of the total pension liability	79.49%
Covered-Employee Payroll	\$ 1,163,324
Net pension liability as a percentage of covered-employee payroll	40.58%

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	None (included in investment return)
Salary Increases	4.0 percent, average, including inflation
Investment Rate of Return	7.0% pre-retirement; 6.0% post-retirement

Mortality rates were based on the 1971 Group Annuity Mortality Table. An experience study has not been performed.

*Discount Rate* – The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that the Town's contributions will be made at rates equal to the actuarially determined contribution. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the Town, calculated using the discount rate of 7 percent, as well as what the Town's net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability as of June 30, 2015	\$ 694,602	\$ 472,026	\$ 280,252

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the Town recognized pension expense of \$155,390. As of June 30, 2015, deferred outflows of resources related to pensions are reported as follows:

	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 29,353
Net difference between projected and actual earnings of Pension Plan investments	39,166
	<u>\$ 68,519</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

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

Year ended June 30:	
2016	\$ 12,460
2017	12,460
2018	12,460
2019	12,460
2020	12,460
Thereafter	<u>6,219</u>
	<u>\$ 68,519</u>

*Required Supplementary Information* - Multi-year historical trend information for the Pension Plan presenting the schedule of changes in the net pension liability and related ratios, the schedule of contributions, and the schedule of investment returns are presented as supplementary schedules following the notes to the financial statements, and present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Summary of Significant Account Policies**

*Basis of Accounting* – The plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period that the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Method Used to Value Investments* – Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values. Investment income is recognized when earned and gains and losses on sales or exchanges of investments are recognized on the transaction date.

**General Information about the Pension Plan – Constables**

*Plan Administrator* - The *Town of Burlington Constable Pension Plan* is a single-employer defined benefit plan that is administered by the Town of Burlington. Benefits are established and may be amended by the Trustees, which consist of the First Selectman and the Treasurer. The plan is a contributory defined benefit plan known as a "Prototype Split Funded Defined Benefit Pension Plan," that is funded and insured with the New England Mutual Life Insurance Company. The agent for the plan, ACG Associates, Inc. provides the Town (employer) with a publicly available stand-alone financial report that is available through the First Selectman's office.

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**Net Pension Liability**

*Plan Membership* – As of July 1, 2014 (the date of the most recent valuation), pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	4
	5
	5

*Benefits Provided* – The pension plan provides retirement, disability and death benefits for all eligible full-time constables of the Town, and is included as a fiduciary fund of the Town. All full-time constables are eligible to participate on the plan anniversary date nearest the completion of two years of service and upon attaining age 21. The retirement plan provides a monthly benefit equal to the greater of 1.9% of compensation times total years of service (not to exceed 40 years), or not less than the individual participant's benefit as provided on July 1, 1984. Basis of the benefit is Ten Years Certain and Life Annuity. Benefits are established and may be amended by the Trustees. In most cases, upon retirement by the eligible employee, the pension fund purchases an annuity from an insurance company, which is then responsible for benefit payments to the retiree and the retiree is no longer part of the Town's pension plan.

*Contributions* – Contribution requirements and benefit provisions were established and may be amended by the Trustees. Plan administration costs are budgeted from the Town's General Fund. Participating employees are required to contribute 6% of compensation as their share of the total contribution. The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined 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. For the year ended June 30, 2015, the actuarially determined contribution was \$28,296 and the actual contribution was \$28,229.

**Investments**

*Investment Policy* – The Pension Plan's policy in regards to the allocation of invested assets is established and may be amended by the Trustees. It is the policy of the Town's board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension 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.

There were no investments that represented 5% or more of the pension plan's fiduciary net position.

*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 expenses, was 4.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Currently there is no Deferred Retirement Option Plan.

*Funded Status and Funding Progress* – The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The components of the net pension liability at June 30, 2015, were as follows:

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

Schedule of Net Pension Liability

	<u>2015</u>
Total Pension Liability *	\$ 701,667
Plan Fiduciary net position	<u>(637,364)</u>
Net pension liability (asset)	64,303
Plan fiduciary net position as a percentage of total pension liability	90.84%
Covered-employee payroll	\$ 346,460
Net pension liability as a % of covered employee payroll	18.56%

\* Total pension liability calculated using the Aggregate Actuarial Cost Method

The changes in the Net Pension Liability for the year ended June 30, 2015 were:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 625,795	\$ 638,817	\$ (13,022)
Charges for the year			
Service Cost	47,399	-	47,399
Interest	41,645	-	41,645
Changes of benefit terms	-	-	-
Differences between expected and actual experience	43,812	-	43,812
Changes of assumptions	-	-	-
Employer Contributions	-	7,441	(7,441)
Member Contributions	-	20,788	(20,788)
Net Investment Income	-	28,705	(28,705)
Benefit Payments	(56,984)	(56,984)	-
Other Changes	-	(1,403)	1,403
Net Changes	<u>75,872</u>	<u>(1,453)</u>	<u>77,325</u>
Balance at June 30, 2015	<u>\$ 701,667</u>	<u>\$ 637,364</u>	<u>\$ 64,303</u>

Plan fiduciary net position as a percentage of the total pension liability	90.84%
Covered-Employee Payroll	\$ 346,460
Net pension liability as a percentage of covered-employee payroll	18.56%

*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	None (included in investment return)
Salary Increases	4.0 percent, average, including inflation
Investment Rate of Return	7.0% pre-retirement; 6.0% post-retirement

Mortality rates were based on the 1971 Group Annuity Mortality Table. An experience study has not been performed.

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

*Discount Rate* – The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that the Town's contributions will be made at rates equal to the actuarially determined contribution. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the Town, calculated using the discount rate of 7 percent, as well as what the Town's net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Net Pension Liability as of June 30, 2015	\$ 80,922	\$ 64,303	\$ 49,509

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the Town recognized pension expense of \$53,144. As of June 30, 2015, deferred outflows of resources related to pensions are reported as follows:

	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 39,431
Net difference between projected and actual earnings of Pension Plan investments	13,455
	<u>\$ 52,886</u>

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

Year ended June 30:	
2016	\$ 7,745
2017	7,745
2018	7,745
2019	7,745
2020	7,745
Thereafter	14,161
	<u>\$ 52,886</u>

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

*Required Supplementary Information* - Multi-year historical trend information for the Pension Plan presenting the schedule of changes in the net pension liability and related ratios, the schedule of contributions, and the schedule of investment returns are presented as supplementary schedules following the notes to the financial statements, and present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Summary of Significant Account Policies**

*Basis of Accounting* – The plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period that the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Method Used to Value Investments* – Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values. Investment income is recognized when earned and gains and losses on sales or exchanges of investments are recognized on the transaction date.

Additional information regarding the Town's pension plans can be found on pages 48 to 52 of this report.

**NOTE 14 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS**

***Description***

The Town has established and administers the Town of Burlington Post-Retirement Medical Insurance Program. The program provides post-employment health care benefits for retired employees who were full-time employees. Police retirees hired before July 1, 2010 receive health insurance funded by the Town at 90% of the premiums until age 65. Town Hall department retirees hired before October 26, 2010 receive health insurance funded by the Town at the same percentage that then-current employees are receiving. The benefit is available to Police and Town Hall department retirees at age 60. Highway department retirees hired before July 1, 2010 receive health insurance funded by the Town at the same percentage as it is paying for current employees until age 65. The benefit is available to Highway department retirees at age 62. The Town pays 75% of Medicare premiums for post-age 65 Police retirees. The Town does not cover spouses of Highway or Town Hall retirees. The Town covers 90% of the cost of medical coverage for spouses of Police retirees until age 65. The Town does not cover Medicare premiums of post-age 65 spouses of Police retirees. Town Hall department retirees hired after October 26, 2010 may purchase coverage for the retiree and the retiree's spouse at their sole expense, to age 65. Police department retirees hired after July 1, 2010 may purchase coverage for the retiree and the retiree's spouse at their sole expense. Highway department retirees hired after July 1, 2010 may purchase coverage for the retiree and the retiree's spouse at their sole expense. Benefit provisions and funding requirements may be amended by the Board of Selectman. The Town is applying the requirements of GASB No.45 prospectively. The plan currently includes 30 active employees.

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

**Funding Policy**

The Town appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. Expenditures for premiums for post-employment health care benefits are recognized on the accrual basis. As of the most recent valuation, expenditures (net of employee reimbursement) of \$18,821 were recorded for 2 retired employees. One retiree was eligible to participate at the time of the most recent valuation.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (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 of not to exceed thirty years. The following table presents the components of the Town's annual OPEB cost as of the most recent valuation, the amount contributed to the plan, and changes in the Town's net OPEB obligation.

	<u>July 1, 2014</u>
Annual required contribution (ARC)	\$ 25,318
Interest on Net OPEB obligation	4,161
Adjustment to ARC	40,360
Annual OPEB cost (expenses)	69,839
Contributions made	(18,821)
Increase in net OPEB obligation	51,018
Net OPEB obligation-beginning of year	58,736
Net OPEB obligation-end of year	\$ 109,754

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent valuation are as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 69,839	76.6%	\$ 109,754
2012	51,992	0.0%	58,736
2009	43,008	84.3%	6,744

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the funded status is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (AACM) (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, 2014	-	191,639	191,639	0.0%	1,406,069	13.6%

**TOWN OF BURLINGTON**  
Notes to the Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, will present, in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

In the July 1, 2014 actuarial valuation, the entry age method was applied. The actuarial assumptions included a 4.0 percent discount rate. The valuation assumed annual healthcare cost trend rates of nine percent for the year. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results. The UAAL is being amortized using the level-dollar method over a period of 30 years with the remaining amortization period of 25 years.

Additional information regarding the Town’s postretirement benefit plan can be found on page 53 of this report. The plan does not issue a stand-alone report.

**NOTE 15 – RELATED PARTY**

The Town uses a resource recovery unit for its waste disposal. The First Selectman for the Town is on the governing board of the unit. Total payments made to the unit during the year were \$209,163.

**NOTE 16 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

The adoption of GASB Statement No. 68, *Accounting and Reporting for Pensions*, did have significant effects on the financial statement disclosures of the Defined Benefit Plans, which can be found on pages 38-45. The standard required the Town to report Deferred Pension Expense for its Defined Benefit Pension Plan. The restatement of net position/fund balance as a result of the adoption of this statement is as follows:

	Governmental <u>Activities</u>
Net Position at June 30, 2014	\$ 18,104,382
Adoption of GASB Statement 68	<u>141,610</u>
Net Position at July 1, 2014	<u>\$ 18,245,992</u>

**TOWN OF BURLINGTON**  
Schedule of Changes in the Net Pension Liability and Related Ratios - Employees  
For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 118,364	\$ 127,840	
Interest	146,082	141,691	
Changes in benefit terms	-	-	
Differences between expected and actual experience	32,022	400,228	
Changes of assumptions	-	-	
Benefit payments, including refunds of member contributions	<u>(179,655)</u>	<u>(728,405)</u>	
<b>Net change in total pension liability</b>	116,813	(58,646)	
<b>Total pension liability - beginning</b>	<u>2,184,205</u>	<u>2,242,851</u>	
<b>Total pension liability - ending (a)</b>	<u>\$2,301,018</u>	<u>\$2,184,205</u>	<u>\$2,242,851</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 163,518	\$ 189,680	\$ 211,038
Contributions - employee	60,857	61,589	61,677
Net investment income	79,571	282,549	200,619
Benefit payments, including refunds of member contributions	(179,655)	(728,405)	(202,702)
Administrative Expenses	-	-	-
Other	<u>(7,013)</u>	<u>(7,578)</u>	<u>(7,562)</u>
<b>Net change in pension fiduciary net position</b>	117,278	(202,165)	263,070
 <b>Plan fiduciary net position - beginning</b>	<u>1,711,714</u>	<u>1,913,879</u>	<u>1,650,809</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$1,828,992</u>	<u>\$1,711,714</u>	<u>\$1,913,879</u>
 <b>Net pension liability - ending: (a) - (b)</b>	<u>\$ 472,026</u>	<u>\$ 472,491</u>	<u>\$ 328,972</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	79.49%	78.37%	85.33%
 <b>Covered employee payroll</b>	\$1,163,324	\$1,234,846	\$1,182,724
 <b>Net pension liability as a percentage of covered-employee payroll</b>	40.58%	38.26%	27.81%

See accountant's report.

**TOWN OF BURLINGTON**  
Schedule of Contributions - Employees  
For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution (ADEC)	\$ 155,390	\$ 170,235	\$ 220,598
Contributions in relation to the ADEC	<u>224,375</u>	<u>251,269</u>	<u>272,715</u>
Contribution deficiency (excess)	<u>(68,985)</u>	<u>(81,034)</u>	<u>(52,117)</u>
Covered-employee payroll	1,163,324	1,234,846	1,182,724
Contributions as a percentage of covered-employee payroll	19.29%	20.35%	23.06%

**Notes to Schedule:**

**Valuation Date:**

Actuarially determined contribution rates are calculated as of July 1, the beginning of the fiscal year in which contributions are reported.

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

Actuarial cost method	Aggregate
Amortization method	No supplemental liability with this method
Remaining amortization period	No supplemental liability with this method
Asset valuation method	Market Value
Inflation	None (Included in investment return)
Salary increases	4.0%, average, including inflation
Investment rate of return	7.0% pre-retirement; 6.0% post-retirement
Retirement Age	Normal retirement age
Mortality	1971 Group Annuity Mortality Table

See accountant's report.

**TOWN OF BURLINGTON**  
Schedule of Changes in the Net Pension Liability and Related Ratios - Constables  
For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 47,399	\$ 3,723	
Interest	41,645	41,116	
Changes in benefit terms	-	-	
Differences between expected and actual experience	43,812	39,159	
Changes of assumptions	-	-	
Benefit payments, including refunds of member contributions	<u>(56,984)</u>	<u>(56,984)</u>	
<b>Net change in total pension liability</b>	75,872	27,014	
<b>Total pension liability - beginning</b>	<u>625,795</u>	<u>598,781</u>	
<b>Total pension liability - ending (a)</b>	<u>\$ 701,667</u>	<u>\$ 625,795</u>	<u>\$ 598,781</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 7,441	\$ 21,114	\$ 8,476
Contributions - member	20,788	10,961	4,463
Net investment income	28,705	94,354	63,190
Benefit payments, including refunds of member contributions	(56,984)	(56,984)	(56,484)
Administrative Expenses	-	-	-
Other	<u>(1,403)</u>	<u>(659)</u>	<u>(658)</u>
<b>Net change in pension fiduciary net position</b>	(1,453)	68,786	18,987
 <b>Plan fiduciary net position - beginning</b>	<u>638,817</u>	<u>570,031</u>	<u>551,044</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 637,364</u>	<u>\$ 638,817</u>	<u>\$ 570,031</u>
 <b>Net pension liability - ending: (a) - (b)</b>	<u>\$ 64,303</u>	<u>\$ (13,022)</u>	<u>\$ 28,750</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.84%	102.08%	95.20%
 <b>Covered employee payroll</b>	\$ 346,460	\$ 178,078	\$ 144,184
 <b>Net pension liability as a percentage of covered-employee payroll</b>	18.56%	-7.31%	19.94%

See accountant's report.

**TOWN OF BURLINGTON**  
Schedule of Contributions - Constables  
For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution (ADEC)	\$ 28,296	\$ 24,310	\$ 12,778
Contributions in relation to the ADEC	<u>28,229</u>	<u>32,075</u>	<u>12,939</u>
Contribution deficiency (excess)	<u>67</u>	<u>(7,765)</u>	<u>(161)</u>
Covered-employee payroll	346,460	178,078	144,184
Contributions as a percentage of covered-employee payroll	8.15%	18.01%	8.97%

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of July 1, the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	No supplemental liability with this method
Remaining amortization period	No supplemental liability with this method
Asset valuation method	Market Value
Inflation	None (Included in investment return)
Salary increases	4.0%, average, including inflation
Investment rate of return	7.0% pre-retirement; 6.0% post-retirement
Retirement Age	Normal retirement age
Mortality	1971 Group Annuity Mortality Table

See accountant's report.

**TOWN OF BURLINGTON**  
**Schedule of Investment Returns**  
**For the Year Ended June 30, 2015**

**Employees**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expense	4.26%	16.05%	12.67%

**Constables**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expense	4.32%	16.76%	12.07%

See accountant's report.

**TOWN OF BURLINGTON**  
Schedule of Funding Progress  
For the Year Ended June 30, 2015

**TOWN OF BURLINGTON POST-EMPLOYMENT HEALTH INSURANCE BENEFITS**

Actuarial Valuation <u>Date</u>	(1) Actuarial Value of <u>Assets Available For Benefits</u>	(2) Actuarial Accrued Liability- <u>Aggregate Actuarial Cost Method</u>	(3) Funded Ratio <u>(1) / (2)</u>	(4) Unfunded Actuarial Accrued Liability <u>(2) - (1)</u>	(5) Covered <u>Payroll</u>	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll <u>-(4) / (5)</u>
<u>July</u>						
July 1, 2014	\$ -	\$ 191,639	0.0%	\$ 191,639	\$ 1,406,069	13.6%
July 1, 2011	-	116,457	0.0%	116,457	709,133	16.4%
July 1, 2008	-	181,505	0.0%	181,505	163,624	110.9%

See accountant's report.

## APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

### BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the 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 bidder.

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Burlington  
Burlington, Connecticut

We have represented the Town of Burlington, Connecticut as Bond Counsel in connection with the issuance by the Town of \$3,960,000 Bond Anticipation Notes, dated as of July 25, 2016.

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

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

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

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Notes are not "private activity bonds" and interest on the Notes is not treated as

a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Notes are "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.

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

Very truly yours,

Day Pitney LLP

## **FEDERAL INCOME TAX.**

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

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

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

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

***Financial Institutions.*** The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes will be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

***Additional Federal Income Tax Matters.*** In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations

subject to the branch profits tax. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

#### **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Notes 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 the 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 PREMIUM.**

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

#### **GENERAL.**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the 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, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

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

## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE NOTES

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:*

### **Continuing Disclosure Agreement For Notes**

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of July 25, 2016 by the Town of Burlington, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$3,960,000 Bond Anticipation Notes, dated as of July 25, 2016 of the Issuer (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.

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

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

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

### **Section 2. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the 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 notes, 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 Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

### **Section 3. Use of Agents.**

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

### **Section 4. Termination.**

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

### **Section 5. Enforcement.**

The Issuer 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 Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's First Selectman, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the First Selectman is Burlington Town Hall, 200 Spielman Highway, Burlington, Connecticut 06013.

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

**Section 6. Miscellaneous.**

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

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

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

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

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

TOWN OF BURLINGTON

By: \_\_\_\_\_  
Theodore C. Shafer, First Selectman

By: \_\_\_\_\_  
James A. Chard, Selectman

By: \_\_\_\_\_  
Carl A. Salsedo, Selectman

By: \_\_\_\_\_  
David J. Bereza, Selectman

By: \_\_\_\_\_  
Roger Powell, Selectman

By: \_\_\_\_\_  
Stephen J. Savino, Treasurer

## **APPENDIX D – NOTICE OF SALE**

**NOTICE OF SALE**  
**\$3,960,000**  
**Town of Burlington, Connecticut**  
**Bond Anticipation Notes**  
**(BOOK-ENTRY)**

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Burlington, Connecticut at the First Selectman's Office, Burlington Town Hall, 200 Spielman Highway, Burlington, Connecticut until **11:30 A.M. Eastern Time on TUESDAY,**

**JULY 12, 2016**

for the purchase of \$3,960,000 Bond Anticipation Notes of the Town of Burlington, dated July 25, 2016, maturing on January 20, 2017 (the "Notes").

The Town will designate the Notes 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 Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

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

**DTC Book-Entry.** The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, 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.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

**Proposals.** Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state 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. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the

Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**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 proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Burlington Notes." All proposals should be addressed to Mr. Theodore C. Shafer, First Selectman, Town of Burlington, First Selectman's Office, Burlington Town Hall, 200 Spielman Highway, Burlington, Connecticut 06013.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the 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. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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

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

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. 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 rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

**Certifying and Paying Agent.** The Notes will be authenticated by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The Bank of New York Mellon Trust Company, N.A. will act as Registrar and Paying Agent.

**Delivery.** At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. The Bank of New York Mellon Trust Company, N.A. will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Dallas, Texas, upon reasonable notice.

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

**Official Statement.** The Town of Burlington has prepared a preliminary Official Statement for the Note issue which is dated June 30, 2016. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser 25 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's financial advisor, FirstSouthwest, a Division of Hilltop Securities Inc., Glastonbury, Connecticut, by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for the Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder'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 Notes.

**CUSIP Numbers.** The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

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

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on July 25, 2016.

**More Information.** For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Ms. Janette J. Marcoux, FirstSouthwest, a Division of Hilltop Securities Inc., 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033 (telephone: (860) 290-3003) or from Ms. Eleanor J. Parente, Director of Finance and Social Services, Town of Burlington, Burlington Town Hall, 200 Spielman Highway, Burlington, Connecticut 06013 (telephone: (860) 673-6789).

**THEODORE C. SHAFER,**  
*First Selectman*

**JAMES A. CHARD,**  
*Selectman*

**CARL A. SALSEDO,**  
*Selectman*

**DAVID J. BEREZA,**  
*Selectman*

**ROGER POWELL,**  
*Selectman*

**STEPHEN SAVINO,**  
*Treasurer*

June 30, 2016

**PROPOSAL FOR NOTES**

July 12, 2016

Mr. Theodore C. Shafer  
First Selectman  
Town of Burlington  
First Selectman's Office  
Burlington Town Hall  
200 Spielman Highway  
Burlington, Connecticut 06013

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated June 30, 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, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$3,960,000 Bond Anticipation Notes of the Town of Burlington, dated July 25, 2016, maturing January 20, 2017, we bid the following:

Principal Amount	\$ _____	Principal Amount	\$ _____
Interest Rate	_____ %	Interest Rate	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Rate	_____ % (four decimals)	Net Interest Rate	_____ % (four decimals)
Principal Amount	\$ _____	Principal Amount	\$ _____
Interest Rate	_____ %	Interest Rate	_____ %
Premium	\$ _____	Premium	\$ _____
Net Interest Rate	_____ % (four decimals)	Net Interest Rate	_____ % (four decimals)

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

Financial Advisory Services  
Provided By

