

OFFICIAL STATEMENT DATED SEPTEMBER 28, 2010

REFUNDING AND NEW ISSUE

**MOODY'S RATING: Aaa
STANDARD & POOR'S RATING: AAA**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and 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 Appendices B-1 and B-2 "OPINION OF BOND COUNSEL AND TAX EXEMPTION" herein.

**TOWN OF GLASTONBURY, CONNECTICUT
\$28,550,000 GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2010**

<u>DATED</u> Date of Delivery					<u>MATURITY SCHEDULE</u>					<u>DUE</u> May 15, as shown below				
Due May 15	Principal Amount	Coupon	Yield	CUSIP	Due May 15	Principal Amount	Coupon	Yield	CUSIP	Due May 15	Principal Amount	Coupon	Yield	CUSIP
2011	\$2,410,000	5.0000%	0.3000%	377298XU3	2018	\$1,320,000	4.0000%	1.9200%	377298YK4					
2012	975,000	3.0000%	0.4500%	377298XV1	2019	500,000	3.0000%	2.1100%	377298YL2					
2012	600,000	5.0000%	0.4500%	377298XW9	2019	1,515,000	4.0000%	2.1100%	377298YM0					
2013	1,570,000	5.0000%	0.6000%	377298XX7	2020	300,000	2.7500%	2.3000%	377298YN8					
2014	1,000,000	4.0000%	0.8100%	377298XY5	2020	1,050,000	3.0000%	2.3000%	377298YP3					
2014	1,000,000	5.0000%	0.8100%	377298XZ2	2020	660,000	4.0000%	2.3000%	377298YQ1					
2015	500,000	2.0000%	1.1200%	377298YA6	2021	* 175,000	4.0000%	2.4700%	377298YR9					
2015	500,000	4.0000%	1.1200%	377298YB4	2021	* 1,820,000	5.0000%	2.4500%	377298YS7					
2015	1,015,000	5.0000%	1.1200%	377298YC2	2022	* 805,000	3.0000%	2.7800%	377298YT5					
2016	250,000	2.5000%	1.4000%	377298YD0	2022	* 1,200,000	4.0000%	2.6200%	377298YU2					
2016	1,775,000	4.0000%	1.4000%	377298YE8	2023	* 1,990,000	3.0000%	2.9400%	377298YV0					
2017	200,000	2.5000%	1.6800%	377298YF5	2024	1,460,000	3.0000%	3.0500%	377298YW8					
2017	1,825,000	4.0000%	1.6800%	377298YG3	2024	* 500,000	3.2500%	2.9800%	377298YX6					
2018	200,000	2.5000%	1.9200%	377298YH1	2025	935,000	3.0000%	3.1000%	377298YY4					
2018	500,000	3.0000%	1.9200%	377298YJ7										

• Priced assuming redemption on May 15, 2020; however redemption is at the election of the Town. See "Redemption" herein.

Interest on the Bonds will be payable on November 15, 2010 and semiannually thereafter on May 15 and November 15 in each year until maturity.

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

MOODY'S RATING: MIG-1

\$1,135,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

<u>DATED</u> November 15, 2010			<u>DUE</u> November 14, 2011		
<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>		
\$1,135,000	1.500%	0.400%	377298YZ1		

The Bonds and Notes will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds and Notes. Principal of, redemption premium, if any, and interest on the Bonds and Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds and Notes. Purchases of the Bonds and Notes will be made in book-entry form, in denominations of \$5,000 or integral multiples thereof. Purchasers of the Bonds and Notes will not receive certificates representing their ownership interest in the Bonds and Notes. So long as Cede & Co. is the Bond and Note Owner, as nominee of DTC, reference herein to the Bond and Note Owner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds and Notes. See "Book-Entry-Only Transfer System" herein.

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

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

The Bonds and Notes are offered for delivery when, as and if issued, and received by the Underwriters, subject to the approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by Joseph Fasi LLC, of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about October 12, 2010; delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about November 15, 2010.

**Underwriter
ROOSEVELT & CROSS, INCORPORATED**

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

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No dealer, broker, salesman or other person has been authorized by the Town of Glastonbury, 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 Bonds and Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

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

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BOND ISSUE SUMMARY

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

Issuer:	Town of Glastonbury, Connecticut (the "Town").
Issue:	\$28,550,000 General Obligation Refunding Bonds, Issue of 2010, Book-Entry-Only (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	November 15 and May 15, in each year until maturity, commencing November 15, 2010.
Principal Due:	Serially, May 15, 2011 through 2025, as detailed in this Official Statement.
Purpose and Authority:	The proceeds of the Bonds will be issued to refund at or prior to maturity any or all of the principal amounts outstanding of the Town's General Obligation Bonds, Issues of 2004 and 2005 including applicable interest and redemption premium, if any. See "Authorization and Purpose" and "Plan of Refunding" herein.
Redemption:	The Bonds <u>are</u> subject to redemption prior to maturity as more fully described herein.
Security:	The Bonds will be general obligations of the Town of Glastonbury, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Ratings:	The Town received a credit rating of "Aaa" from Moody's Investors Service, Inc. ("Moody's") and "AAA" from Standard & Poor's, a division of McGraw-Hill Companies, Inc. ("S&P") on the Bonds. See "Ratings" herein.
Bond Insurance:	The Town does not expect to direct purchase a credit enhancement facility.
Tax Exemption	Refer to Appendix B-1, "Opinion of Bond Counsel and Tax Exemption Bonds" herein.
Bank Qualification:	The Bonds <u>shall not</u> 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 Bonds.
Continuing Disclosure:	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, annual financial information, operating data and timely notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C-1 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, Escrow Agent and Paying Agent:	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 12, 2010 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Diane M. Waldron, Director of Finance and Administrative Services, Town of Glastonbury, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033. Telephone: 860-652-7586.
Financial Advisor:	FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003.

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.

Issuer:	Town of Glastonbury, Connecticut (the "Town").
Issue:	\$1,135,000 General Obligation Bond Anticipation Notes, Book-Entry-Only (the "Notes").
Dated Date:	November 15, 2010.
Interest Due:	At maturity, November 14, 2011.
Principal Due:	At maturity, November 14, 2011.
Purpose and Authority:	The proceeds of the Notes, along with general fund monies, will be used to retire \$1,225,000 in Bond Anticipation Notes maturing on November 15, 2010. The funds were used for construction costs for the Glastonbury High School and Nayaug Elementary School authorized by the voters of the Town of Glastonbury. It is expected that a portion of these notes will be retired at maturity with the receipt of State of Connecticut School Construction Grants.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town of Glastonbury, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Ratings:	The Town received a credit rating of "MIG-1" from Moody's Investors Service, Inc ("Moody's") on the Notes. See "Ratings" herein.
Tax Exemption	Refer to Appendix B-2, "Opinion of Bond Counsel and Tax Exemption" herein.
Bank Qualification:	The Notes will not 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.
Continuing Disclosure:	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 material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C-2 to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about November 15, 2010 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Diane M. Waldron, Director of Finance and Administrative Services, Town of Glastonbury, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033. Telephone: 860-652-7586.
Financial Advisor:	FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003.

I. BOND AND NOTE INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Glastonbury, Connecticut (the “Town”) in connection with the original issuance of \$28,550,000 General Obligation Refunding Bonds, Issue of 2010 (the “Bonds”), and \$1,135,000 General Obligation Bond Anticipation Notes (the “Notes”), of the Town.

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.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds and 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 Bonds and Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and Notes and such proceedings.

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

First Southwest Company as Financial Advisor to the Town 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.

An agreement between the Town and First Southwest Company has been entered into to conform to Municipal Securities Rulemaking Board (MSRB) Rule G-23.

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 Appendices B-1 and B-2 “Opinion of Bond Counsel and Tax Exemption” herein), and they make no representation that they have independently verified the same.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on May 15 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable on November 15, 2010 and semiannually thereafter on May 15 and November 15 in each year until the date of maturity and will be payable to the registered owners of the Bonds as of the close of business on the last business day of October and April in each year. The Bonds will bear interest at the rates per annum set forth on the cover page hereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar, Transfer Agent and Escrow Agent will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut (email: ctmuniservices@usbank.com). The legal opinion on the Bonds will be rendered by Day Pitney LLP, in substantially the form set forth in Appendix B-1 to this Official Statement.

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

REDEMPTION

The Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2021 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after May 15, 2020, at any time in whole or in part, in such amounts and in such order of maturity but by lot within a maturity as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus accrued interest, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
May 15, 2020 and thereafter	100%

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

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

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

DESCRIPTION OF THE NOTES

The Notes will be dated November 15, 2010 and will be due and payable as to both principal and interest at maturity, November 14, 2011. The Notes will be issued as fully-registered in denominations of \$5,000 or any integral multiples thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months, at such rate or rates per annum on the cover page hereof. 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 U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Day Pitney LLP, in substantially the form set forth in Appendix B-2 to this Official Statement

BOOK-ENTRY-ONLY TRANSFER SYSTEM

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

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

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

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

Purchases of Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC’s records. The ownership interest of each actual purchaser of each

Bond and 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 Bonds and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds and Notes are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds and Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Town, the Financial Advisor or the Underwriters.

DTC PRACTICES

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

SECURITY AND REMEDIES

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

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

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

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

The Town is subject to suit on its general obligation Bonds and Notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have 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 Bonds and Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted 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 Bonds and Notes **will not** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds and Notes.

AVAILABILITY OF CONTINUING DISCLOSURE

The Town of Glastonbury 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 agencies 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 Bonds and Notes, substantially in the forms attached as Appendices C-1 and C-2 to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, annual financial information and timely notices of the occurrence of certain material events with respect to the Bonds and timely notices of the occurrence of certain material 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). To date the Town has not failed to meet any of its undertakings under such agreements.

The Underwriter's obligation to purchase the Bonds and Notes is conditional upon its receiving at or prior to delivery of the Bonds or Notes an executed copy of the Continuing Disclosure Agreement.

AUTHORIZATION AND PURPOSE

The Bonds are issued pursuant to Section 7-370c of the General Statutes of Connecticut, as amended, and to a resolution authorizing the issuance of refunding bonds adopted by Town Council on September 14, 2010.

The Bonds are being issued to refund all or any portion of the aggregate principal amount outstanding of certain Town of Glastonbury General Obligation Bonds (the "Refunded Bonds"). See "Plan of Refunding" herein.

USE OF NOTE PROCEEDS

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded/Grants Paydowns</u>	<u>Notes Due 11/15/2010</u>	<u>These Notes</u>	<u>Authorized But Unissued</u>
Nayaug Elementary School.....	\$29,500,000	\$24,868,883	\$505,000	\$435,000	\$4,196,117 ¹
Glastonbury High School.....	48,331,389	47,260,638	720,000	700,000	370,751 ¹
Total.....	\$77,831,389	\$72,129,521	\$1,225,000	\$1,135,000	\$4,566,868

¹ This project is eligible for State of Connecticut School Construction Grants of approximately 33.57% of eligible costs.

SCHOOL BUILDING GRANT REIMBURSEMENTS

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

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

PLAN OF REFUNDING

The Bonds are being issued to advance refund all or any portion of the aggregate principal amount outstanding of the Refunded Bonds as set forth below:

<u>Issue</u>	<u>Dated Dated</u>	<u>Principal Amount Refunded</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
General Obligation Bonds, 2004.....	6/15/2004	\$14,000,000	6/15/2011-24	6/15/2013	101%
General Obligation Bonds, 2005.....	5/15/2005	\$13,875,000	5/15/2011-25	5/15/2014	100%

The refunding is contingent upon delivery of the Bonds.

Upon delivery of the Bonds, a portion of proceeds of the Bonds will be placed in an irrevocable trust fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of October 12, 2010, between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of or obligations guaranteed by the government of the United States of America, including Federal National Mortgage Association (“FNMA”) securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer of the securities (the “Escrow Securities”), the principal of and interest on which, when due, will provide amounts sufficient to pay the principal, interest and redemption premium on the Refunded Bonds to the redemption dates or maturity (the “Escrow Requirements”). All investment income on and maturing principal of the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest and redemption premium on the Refunded Bonds will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and Underwriter’s discount.

SOURCES AND USES OF BOND AND NOTE PROCEEDS

	<u>Bonds</u>	<u>Notes</u>
<i>Sources of Funds</i>		
Par Amount of Bonds.....	\$28,550,000.00	\$1,135,000.00
Net Original Issue Premium.....	<u>2,624,779.85</u>	<u>12,394.20</u>
Total Sources	\$31,174,779.85	\$1,147,394.20
 <i>Uses of Funds</i>		
Deposit to Escrow Deposit Fund.....	\$30,968,903.10	
Deposit to Project Fund.....		\$1,135,000.00
Underwriter's Discount.....	97,641.00	2,270.00
Costs of Issuance.....	105,000.00	6,000.00
Contingency.....	<u>3,235.75</u>	<u>4,124.20</u>
Total Uses	\$31,174,779.85	\$1,147,394.20

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations relating to (i) the adequacy of the maturing principal amounts of the Escrow Securities together with the interest income thereon and uninvested cash, if any, to pay when due, the principal of and interest income on the Refunded Bonds and (ii) the yield on the Bonds and on the Escrow Securities for purposes of determining compliance with certain requirements of the Internal Revenue Code of 1986, as amended, will be verified by Grant Thornton LLP. Such verification will be based upon information and assumptions supplied by the Underwriter and the Town, and such verification, information and assumptions will be relied on by Bond Counsel in rendering its opinion described herein.

RATINGS

The Town received a credit rating of “Aaa” from Moody’s Investors Service, Inc. (“Moody’s”) and “AAA” from Standard & Poor’s, a division of McGraw-Hill Companies, Inc. (“S&P”) on the Bonds.

The Town received a credit rating of “MIG-1” from Moody’s Investors Service, Inc (Moody’s”) on the Notes.

The Town furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of such rating agencies and an explanation of the significance of the ratings may be obtained from such rating agency. There is no assurance that the ratings will continue for any given period of time or that they will not be revised or withdrawn entirely if, in the judgment of a rating agency, circumstances so warrant. A revision or withdrawal of the ratings may have an effect on the market price of the Town’s Bonds.

II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Glastonbury, incorporated as a Town in May of 1693, is located about eight miles southeast of Hartford and is bordered on the north by the Towns of East Hartford and Manchester, on the east by the Towns of Bolton and Hebron, on the south by the Towns of Marlborough, East Hampton and Portland, and on the west by the Towns of Cromwell, Rocky Hill and Wethersfield. Glastonbury is approximately 53 square miles in area with a population of 33,263 in 2008.

Glastonbury is strategically located adjacent to Connecticut Routes 2 and 3, both four-lane limited access highways providing direct access to interstate highways 84 and 91. Bradley International Airport is 20 miles northwest of the Town. Connecticut Transit provides bus service to and from Hartford and surrounding towns.

Glastonbury is a suburb of Hartford with a diverse employment base and a rich history as a Connecticut River Valley Town. Approximately 61% of the total land area is zoned for residential development, 12% for commercial and industrial development, and 27% is flood zone or open space.

Glastonbury is located in a region with a divergent economic base. Its citizens' income is derived from major insurance firms, prime government contractors, commercial/industrial firms, retail and service industries.

ECONOMIC DEVELOPMENT

The community's tax base is stable with moderating growth in the residential and commercial sectors. Although new residential construction has slowed, the Town does not have an inventory of vacant new homes, with used home sales remaining fairly strong. Likewise on the commercial side there is relatively little vacancy within retail properties.

New construction continues at the Town's successful Gateway Medical Campus, with a fifth building that opened in late 2009 and a sixth that was completed in March 2010. These openings bring the campus to approximately 125,000 square feet. The remaining 75 acres within Gateway remain poised to accept continued high quality development over the next several years. It is anticipated that revenues from Town sale of this land will be available to support a variety of Town initiatives.

Overall, the Town is confident that the high quality of Glastonbury's economic base will continue to provide favorable private sector investment opportunities, consistent with the pattern established over the last 20-30 years.

MAJOR INITIATIVES

Glastonbury has a successful Capital Improvement Program through which it has maintained its infrastructure and made improvements to and/or added community facilities and improvements to enhance the Town's overall image and services it provides to Town residents

Construction is complete on the high school renovations and expansion project, approved at referendum in November 2002. The \$48.3 million project included a 68,000 square foot science wing with 22 science classrooms, 10 general classrooms, and related support facilities. Major renovations involved approximately 78,000 square feet throughout the facility. The project also incorporated code updates, mechanical/electrical/plumbing upgrades, site work and other various improvements. State grant revenues in excess of \$14 million have reduced the Town's net costs.

A new \$29.5 million elementary school, approved by voters in November 2004, opened for operation in August 2007. This is a K-5 facility of approximately 85,000 square feet to accommodate 675 students. The total estimated project costs were funded with State grants of \$9.75 million and general obligation debt of \$19.75 million.

The Town's most significant project includes upgrade and renovation to the Town's Wastewater Treatment Plant which was originally constructed in 1958 and upgraded in 1972. Most operating equipment is over 35 years old and is in need of replacement and upgrade. This includes significant improvements in plant technology. These factors, along with a state mandate to reduce nitrogen discharge from plants throughout the state, prompted completion of a comprehensive facilities plan. The plan identified and recommended upgrades to the plant and equipment to meet nitrogen reduction standards and improve the efficiency and effectiveness of plant operations. A \$26.9 million project was approved at referendum in 2003. However, shortages and a delay in state funding delayed this project which was originally scheduled for completion in 2007. During 2007 the Town revised the estimates for the upgrade to \$30.6 million. The Town authorized additional funding in the amount of \$4 million from the Town's Sewer Sinking Fund, anticipating that any grant and loan funds received will replenish the reserves in this fund. The Town entered into a Clean Water Fund agreement with the State in June 2008, and received reimbursement for funds already expended. Through August 31, 2010 the Town received \$6,561,096 in grant funds and \$21,867,593 in loan advances. The project is progressing and is scheduled for completion in December 2010. It is anticipated that repayment of the 2% loan to the State will have minimal impact on the general taxpayer. Funding scenarios reviewed by the Town anticipate annual loan payments to be made primarily from user fees, accumulated sewer use funds and investment income generated from the Sewer Sinking Fund. See "CLEAN WATER FUND PROGRAM".

Glastonbury is well known for its successful land acquisition and preservation program. The program is funded through appropriations and bond authorizations approved at referendum. Since 1988, \$23 million has been approved at referendum for land acquisition and preservation including the most recent \$2 million approved at referendum in November 2009. Through this program the Town has acquired approximately 1,500 acres of which 95% is currently allocated to open space, outdoor recreation, natural resource preservation, agriculture, historic preservation, and river access. These acquisitions were purchased with fund assistance from the State of Connecticut and Nature Conservancy.

The Town continues the practice of funding major projects, new and ongoing, from cash resources to minimize the use of debt financing. The capital program transfer approved to the Capital Reserve Fund for the Fiscal Year ended June 30, 2010 was 2.69 million; the current budget for Fiscal Year 2010-11 includes a transfer of \$3.0 million and will fund projects in the Capital Improvement Program on a priority basis.

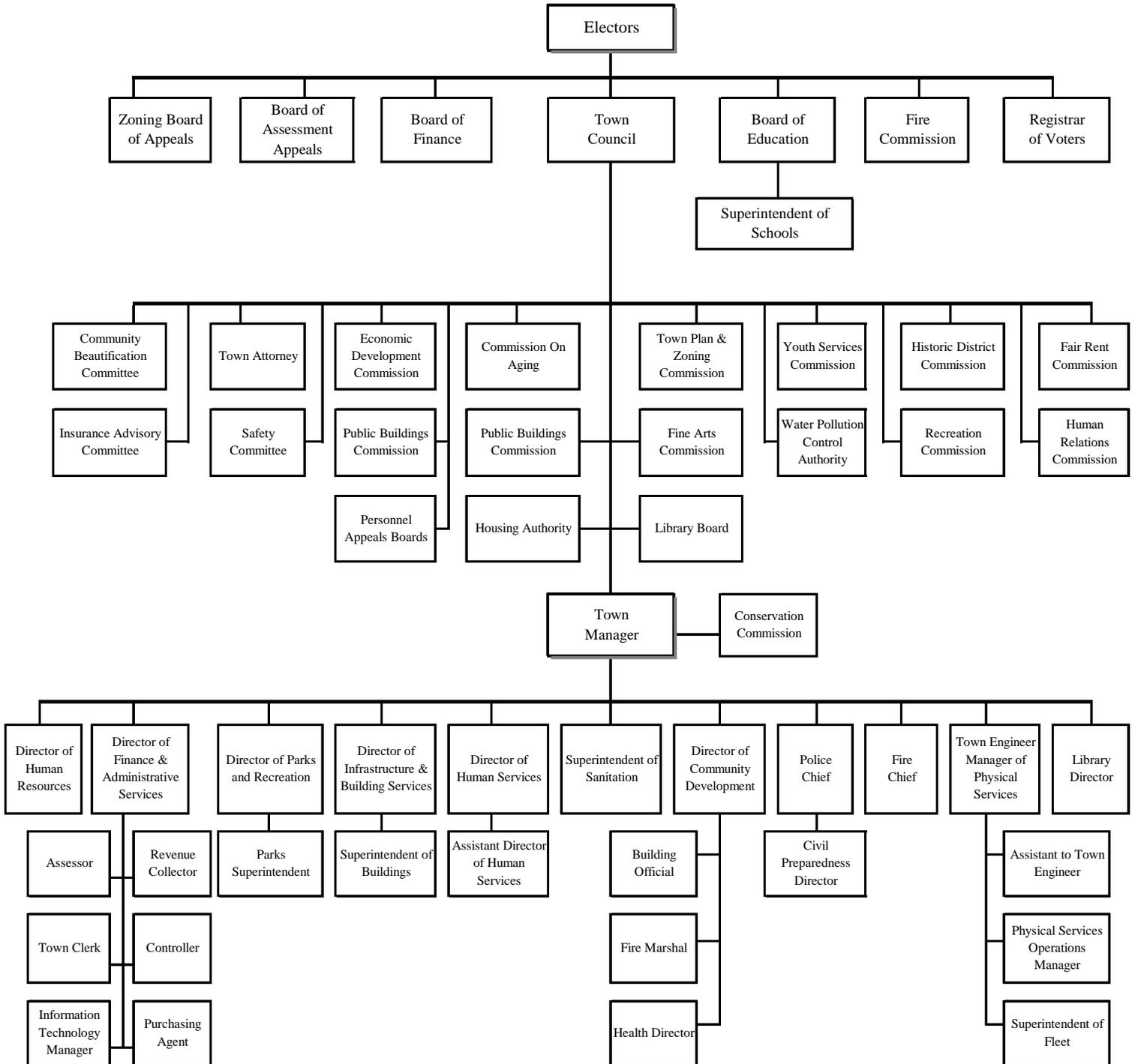
FORM OF GOVERNMENT

In 1959, Glastonbury adopted a council-manager form of government. There is a nine-member Town Council with a mandatory minority party membership of three. The Town Manager is appointed by the Town Council and is the Chief Executive. The Town Manager appoints all employees with the exception of those at the Housing Authority and Public Schools in accordance with merit system principles. The Director of Finance and Administrative Services, who oversees the financial functions of the Town, is the liaison representative for the Town Manager to the Board of Finance.

The Board of Finance, a bipartisan six-member body, plays a unique role in the government of the Town by providing the checks and balances of the Town's fiscal management. The major function of the Board of Finance is to act as an advisor by making recommendations to the Town Council concerning annual budgets submitted by the Town Manager

and the Board of Education. The Board of Finance approves transfers of funds over \$5,000 within the General Fund and transfers to or from the Reserve Fund for Capital and Non-Recurring Expenditures. Other transfers require both Board of Finance and Town Council approval. Transfers between departments may be made only in the last three months of the fiscal year. This Board also has the direct authority in the setting of the annual property tax mill rate based on the final budget total approved by the Council.

ORGANIZATIONAL CHART



PRINCIPAL TOWN OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>	<u>Principal Employment Last Five Years</u>
Town Council Chairperson.....	Susan Karp	Elected	10 Years ¹	Homemaker
Board of Finance Chairwoman.....	Diane Northrop	Elected	36 Years ²	Education - Retired
Town Manager.....	Richard J. Johnson	Appointed	18 Years ³	Town Manager
Director of Finance and Administrative Services.....	Diane M. Waldron	Appointed	5 Years ⁴	Finance Director
Superintendent of Schools.....	Alan B. Bookman	Appointed	27 Years ⁵	Superintendent
Community Development Director.....	Kenith E. Leslie	Appointed	31 Years	Community Development
Director of Infrastructure and Building Services.....	Herbert L. Schwind	Appointed	10 Years ⁶	Civil Engineer/Corps
Building Official.....	Edward P. Pietrycha	Appointed	17 Years ⁷	Building Inspector
Physical Services Director.....	Daniel A. Pennington	Appointed	14 Years	Town Engineer

¹ Ms. Karp has been a member of the Town Council since November 6, 2001 and Chairperson since November 2003.

² Ms. Northrop has served as Chairwoman for approximately 17 years .

³ Previously served as Assistant Town Manager from October 7, 1985 to July 1, 1993 and has been employed with the Town a total of 30 years.

⁴ Ms. Waldron was previously Director of Finance in Cheshire, CT for 4 1/2 years, Woodbridge, CT for 9 years, and North Branford, CT for 4 years.

⁵ Mr. Bookman was appointed Superintendent of Schools in 2004; he has been employed by the Glastonbury School system since 1984.

⁶ Mr. Schwind was previously a Civil Engineer Core officer in the US Navy for 26 1/2 years.

⁷ Mr. Pietrycha previously served as Deputy Building Official (1978-1993).

SUMMARY OF MUNICIPAL SERVICES

General Government: General Government functions include the Chief Executive as the Town Manager and various core administrative staff including the Human Resources Department. General Government includes Community Development, Building Inspection, Fire Marshal and Health Inspections. Administrative Services includes Financial Administration, Accounting, Property Assessment, Revenue Collection, Town Clerk and Legal Services. General Government encompasses forty-eight full-time employees.

Police: The Police Department, with authorized personnel of seventy-four full-time employees, is divided into three divisions; Support Services (sixteen employees), Criminal Investigations (thirteen employees) and Patrol (forty-five employees). A part-time group, comprising up to thirteen unarmed Community Service Officers (CSO's), performs traffic, crowd control and limited patrol duties.

The Department was the first police agency in the State to be nationally accredited by the Commission on Accreditation for Law Enforcement Agencies, Inc. It was reaccredited for the seventh time in March 2010.

The Town maintains a fleet of thirty-seven vehicles for use by the Police Department. The Department also provides dispatch services for the Fire Department and the Glastonbury Volunteer Ambulance Association. The Ambulance Association, with three ambulances, is comprised of thirty volunteers and paid EMT's who provide emergency medical services to the community.

Fire Department: The Town of Glastonbury has a volunteer Fire Department with four companies made up of a cross section of citizens within the community. The general taxpayers, through the operating budget administered by the Town Manager, fund the department for equipment, building maintenance and replacement. The full-time Fire Chief reports directly to the Town Manager. The Fire Chief acts as a liaison to the Fire Commission. A Board of Fire Commissioners is responsible for all policy decisions.

Physical Services: The Physical Services Department employs thirty-eight full-time people. Their activities for the Town include the areas of Administration, Engineering, Streets and Fleet Maintenance. Within the 52 square miles, there are 200 miles of roads.

The Engineering Division handles the engineering review and inspection of developer work within the community as well as the design of municipal construction and maintenance projects. The Streets Division functions encompass the roadside, traffic control, street lighting program and drainage. The Fleet Maintenance Division is responsible for repairs and preventative maintenance for about two-hundred-sixty-three Town and ninety-three

Education cars, trucks, buses and construction equipment being used by the various Town Departments. Historically, this division was responsible for maintaining the Department of Education's school buses, but since 2008 this service has been subcontracted and monitored and overseen by this Division. This resulted in a reduction of five full time positions.

Water Pollution Control and Solid Waste Management: The Sanitation Department includes the Water Pollution Control Division, which is totally supported by a sewer use fee and operates one 3.64 MGD Secondary Sewage Treatment Plant and eight pump stations. The staff includes nine full-time personnel for the Water Pollution Control Division.

The Refuse Disposal Division staff includes two full-time personnel located at the transfer station and bulky waste sites. The Refuse Disposal Division operates a refuse transfer station which transports an average of 2,625 tons of refuse per year to the CRRA plant in Hartford, with the balance of approximately 18,610 tons transported by private trash haulers. The Town pays tipping fees for waste generated at the transfer station; private contracted haulers assume payment responsibilities directly to CRRA for their share of solid waste transported to the facility.

Service Contract - Solid Waste Disposal: The Town has executed a Service Contract (the "Service Contract") with the Connecticut Resource Recovery Authority (the "Authority") for the disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective upon execution and will remain in effect so long as any bonds issued by the Authority remain outstanding, provided the last installment of principal on any bond shall become due no later than 30 years from the effective date of the Service Contract. The System began commercial operation on August 26, 1988. Barring any interim extensions, the Town's contract with the Authority runs through 2012. The Town recently joined sixteen other municipalities in a consortium to explore waste removal and recycling options for the future. The Central Connecticut Solid Waste Authority created in 2008 by the Capitol Region Council of Governments, will give Glastonbury and the other towns and cities better bargaining power when signing a new deal with the CRRA or another vendor.

Each municipality signing a Service Contract, including the Town, has agreed to cause to be delivered to the Mid-Connecticut System all of the solid waste under the legal control of the municipality. The Authority is required to impose service payments at a uniform rate per ton for all municipalities. The tipping fees are \$72.00 per ton for solid waste for the current Fiscal Year 2010-11. If the municipality delivers less than its minimum commitment as defined in the Service Contract, such rates shall be applied to its minimum commitment amount. The Town's minimum commitment is 9,000 tons per year; Glastonbury's current annual combined average delivery of solid waste exceeds 21,235 tons.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. Each municipality retains the responsibility for the collection, disposal and treatment of solid waste which does not meet the requirements of or which the Authority refuses or is unable to accept under the Service Contract.

The Authority is required to calculate and impose Service Payments for all solid waste accepted at the System, such that the aggregate of all such Service Payments received by the Authority shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. Service Payments shall be at a uniform rate per ton for all municipalities. If a municipality delivers less than its Minimum Commitment (as defined in the Service Contract) such rate shall be applied to its Minimum Commitment amount. The Authority is required to submit bills to the participating municipalities on or before the fifteenth day following the end of a billing period. Municipalities are required to pay Service Payments within 30 days of the date of invoice.

Not less than 120 days prior to the commencement of each Contract Year (as defined in the Service Contract) the Authority will estimate (i) the Service Payments to be paid by each Municipality for such Contract Year and (ii) the Annual Budget for the Facility and will submit such information to each municipality. Each municipality is then required to make all provisions necessary so that it will be able to pay Service Payments on a timely basis. The Service Payments remain in effect for the Contract Year with differences between the aggregate of all such Service Payments and the net cost of operation for each Contract Year being settled in the following Contract Year. A municipality is obligated to make Service Payments only if the Authority accepts solid waste delivered by the municipality.

All municipalities, including the Town, pledge their full faith and credit for the payment of all Service Payments and any delayed-payment charges and costs and expenses of the Authority and its representatives in collecting overdue Service Payments. Each municipality agrees that its obligation to make any such Service Payments and other such payments, in the amounts and at the times specified in the Service Contract, whether to the Authority or the trustee, shall be absolute and unconditional, shall not be subject to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the municipality may have against the Authority, the trustee or any other person for any reason whatsoever, shall not be affected by any defect in title, compliance with the plans and specifications, condition, design, fitness for use of, or damage to or loss or destruction of, the System or any part thereof and, so long as the Authority shall accept solid waste delivered by the municipality pursuant to the Service Contract, shall not be affected by any interruption or cessation in the possession, use or operation of the System of any part thereof by the Authority or the operator of the System for any reason whatever.

To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to the Authority of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

In the event of any dispute as to any portion of any bill, the disputing municipality will nevertheless pay the full amount of the disputed charges when due and will, within 30 days from the date of the disputed bill, give written notice of the dispute to the Authority. The dispute will then be resolved under the dispute resolution provisions of the Service Contract.

The Town's former landfill has been closed for twenty-five years in compliance with Federal and State environmental requirements. A voluntary recycling of waste products has been in use for twenty years and recycles 30-35% of the total waste stream.

Central Connecticut Solid Waste Authority: The Town has become a member of the Central Connecticut Solid Waste Authority ("CCSWA"). CCSWA is a regional resource recovery authority established and operated under the provisions of Chapter 103b of the Connecticut General Statutes to jointly manage solid waste and recycling services on behalf of its member municipalities. As of August 18, 2010, the twenty-one member municipalities of CCSWA were Avon, Bloomfield, Bolton, Canton, Coventry, East Granby, East Hartford, Enfield, Farmington, Glastonbury, Granby, Guilford, Hartford, Hebron, Manchester, Simsbury, South Windsor, Suffield, Tolland, Wethersfield and Windsor Locks.

CCSWA is in the process of developing by-laws for its governance, including provisions regarding an Executive Committee to be elected by the member municipalities, and to be responsible for management of CCSWA, including determining staffing and overhead. The Executive Committee will consist of representation from five population tiers and four regions, creating a nine-member Executive Committee. Executive Committee representatives will be chief elected officials of the member municipalities or their designees. Once by-laws are written and passed, CCSWA member municipalities will determine next steps, such as solicitation for solid waste management services. It will be the decision of the CCSWA membership to pursue that path and incur the costs associated with it. Voting by each member municipality at any meeting of CCSWA's full membership shall be determined in accordance with a five-tiered voting system based on the individual population of each member municipality compared to the total population of all CCSWA member municipalities.

In and of itself, adoption of the ordinance (the "CCSWA Ordinance") by which a municipality becomes a member of CCSWA does not require any level of participation, nor does it commit the municipality to any legal or financial obligations beyond the payment of a \$500 fee to help defray the professional fees necessary to draft the model CCSWA Ordinance. Future legal and financial obligations (*i.e.* a services solicitation or contract) will be discussed by the CCSWA membership and signed off by each member municipality individually on a case-by-case basis. A member municipality of CCSWA may, by a vote of its legislative body, elect to withdraw from CCSWA, provided that such withdrawal is done in compliance with terms and conditions imposed by CCSWA, including any contractual obligations the municipality may have undertaken while it was a CCSWA member, and that such withdrawal shall not relieve the withdrawing municipality of any liability it incurred as a CCSWA member or a user of a CCSWA project.

A municipality which is already a member of an existing solid waste authority or has a currently existing solid waste commitment may also join CCSWA, provided the municipality takes no actions contrary to its currently existing legal obligations and commitments. Generally this would include not making any pledge of its solid waste stream to a disposal or recycling option chosen through CCSWA which has an effective date commencing prior to the expiration date of its currently existing waste stream commitment. A member municipality's pledge to a CCSWA option can be given while the existing commitment to another disposal option is still in existence, but the pledge cannot become effective until after the expiration of the member municipality's prior commitment. Chapter 103b of the Connecticut General Statutes does not require municipalities to wait until after their existing solid waste arrangements are completely terminated to begin making future alternative arrangements that take effect immediately upon the expiration of the former arrangements.

The formation of CCSWA by itself does not affect where the facilities in which CCSWA or its member municipalities choose to process, store and dispose of their solid waste must be located. Such facilities can be located wherever the best service options can be found. Ongoing costs will be a direct result of decisions of the CCSWA membership regarding solid waste services solicitation drafting assistance (consultants, legal and administrative costs), and negotiations on tip fee with preferred vendor(s) for solid waste management services. Ongoing costs cannot be accurately predicted at this time. The CCSWA Ordinance does not authorize any mechanism for establishing member service fees to fund the cost of conducting a solid waste services solicitation or the negotiation of one or more vendor service contracts. This will be a future decision of the member municipalities of CCSWA. The CCSWA Ordinance does not authorize the execution of municipal solid waste delivery, disposal or recycling contracts between CCSWA and its member municipalities, and does not pledge the member municipality waste streams to the disposal and recycling alternatives to be chosen by CCSWA. This will be a future decision of the member municipalities of CCSWA and require a separate approval by the member municipalities.

Chapter 103b of the Connecticut General Statutes provides that a regional resource recovery authority such as CCSWA may issue bonds from time-to-time and use the proceeds thereof for the purposes and powers of the authority and to accomplish the provisions of Chapter 103b. The issuance of any such bonds must be approved by concurrent resolutions of the legislative body of each member municipality of the authority.

Welles-Turner Memorial Library: The Welles-Turner Memorial Library, staffed by eleven full-time and thirty part-time employees, provides books and media for recreational use as well as a large non-fiction collection for research and informational purposes. The Library maintains a comprehensive reference collection staffed by professional librarians who provide service in person, by telephone, by mail and by e-mail. The Children's Department presents age-appropriate story times for preschoolers as well as theme programs for children of all ages. The Library also provides access to materials in other communities through inter-library loans and participates in CONNECT, a regional integrated library system. The Library currently has sixty-five computers for use by the staff and the public.

Parks and Recreation: The Parks and Recreation Division is responsible for organization and administration of all Town sponsored recreation activities and facilities, including the care and maintenance of all Town parks, open space, municipal grounds, school grounds, athletic fields, street trees and cemeteries. Approximately 2,000 acres of grounds, parks, open space and recreation facilities are maintained by a staff of twenty-two full-time employees assisted by numerous part-time and seasonal help. Over 100 recreation activities are sponsored annually.

Facilities Maintenance: The Facilities Maintenance Division is comprised of thirteen professional and technical personnel. Their responsibility is concentrated on preventative maintenance and energy conservation. They maintain thirty facilities excluding education facilities. The Division is now supervised by the Director of Infrastructure and Building Services with direct input into both Town and Education facilities.

Youth and Family Services: The Youth and Family Services Department works primarily with the Town's youth and their families. The Department has a full-time staff of thirteen which includes professional and clinical social workers who work closely with the school department and provide counseling services to the youth. They also provide crisis intervention services and focus a great deal on positive youth development activities under the direction of the Department's Creative Experience Director. Substance abuse prevention services are also provided by this department.

Senior & Community Services: The Senior & Community Services Department, with a staff of nine full-time employees, administers the Riverfront Community Center and provides a variety of activities and services to the

Town's elderly population. Dial-a-Ride transportation, senior center programming, nutritional lunch program, information and referral services, case management, information and referral, and home visits are examples of the programs and services provided. This department also provides aid to families and individuals who lack or have insufficient resources to meet the needs of daily living and/or necessary medical treatment and hospitalization. Services also include crisis intervention and advocacy for the elderly and/or residents with special needs, and assists in finding solutions to personal, family and financial social problems.

TOWN EMPLOYEES

<u>Fiscal Year</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government ¹	246	252	252	252	254	256
Board of Education ¹	819	818	813	794	778	752
Total	1,065	1,070	1,065	1,046	1,032	1,008

¹ Full-time equivalent.

Source: Department of Finance and Administrative Services and Board of Education, Town of Glastonbury.

The following table reflects the Fiscal Year 2010 breakdown of General Government employees by department:

<u>Department</u>	<u>FY10 Budgeted Positions¹</u>	<u>FY11 Budgeted Positions¹</u>
General Government.....	19	19
Community Development...	17.5	16.5
Administrative Services.....	25	25
Public Safety.....	77	77
Physical Services.....	40.5	40.5
Refuse Disposal.....	3	2
Sewer Operating Fund.....	9	9
Human Services.....	22	22
Leisure/Culture.....	33	33
Sub-Total	246	244
Board of Education.....	819	788
Total	1,065	1,032

¹ Full-time equivalent.

Source: Department of Finance and Administrative Services and Board of Education, Town of Glastonbury.

MUNICIPAL EMPLOYEES' BARGAINING UNITS

<u>Bargaining Groups</u>	<u>Positions Covered¹</u>	<u>Current Expiration Date</u>
<u>General Government</u>		
Glastonbury Police Officers Association, Inc. GPOA.....	66	June 30, 2010 ²
International Union of Operating Engineers.....	30	June 30, 2012
Water Pollution/Facilities Maintenance, AFSCME.....	17	June 30, 2010 ²
<u>Board of Education</u>		
Glastonbury Education Association.....	505	June 30, 2013
Glastonbury School Administrators Association.....	36	June 30, 2013
Custodial/Maintenance/General Personnel CILU.....	75	June 30, 2014
Nurses AFSCME.....	12	June 30, 2012
Secretaries/Paraprofessionals AFSCME.....	127	June 30, 2012

¹ Positions covered are given in the full-time equivalent.

² In negotiation.

Source: Department of Finance and Administrative Services and Board of Education, Town of Glastonbury.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for 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 August 1, 1997, for binding arbitration of teacher's 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

The Town's school system services grades pre-kindergarten through twelve and is governed by the local Board of Education. Glastonbury has an eight-member Board of Education elected to two-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has eight schools for grades pre-kindergarten through twelve. (See "School Facilities" below). Enrollment in grades pre-kindergarten through twelve as of October 1, 2008 was 6,823. The rated capacity of the system facilities is 7,407.

SCHOOL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date of Construction/Renovations</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/2009¹</u>	<u>Rated Capacity</u>
Glastonbury High School....	9-12	1953, 1956, 1973, 1990, 1992, 2006	117	2,102	2,300
Gideon Welles School.....	6	1967, 2000	47	541	750
Smith Middle School.....	7-8	1999	82	1,128	1,100
Buttonball School.....	K-5	1955, 1960, 1996	29	535	556
Eastbury School.....	K-5	1949, 1964, 1996	21	318	402
Hebron Avenue School.....	K-5	1958, 1959, 1996	28	532	534
Hopewell School.....	K-5	1962, 1996	29	526	578
Naubuc School.....	Pre K-5	1929, 1948, 1969, 1996	27	479	512
Nayaug School.....	Pre K-5	2007	35	644	675
Totals.....			415	6,805	7,407

¹ Excludes Magnet School (175) and Special Education (49). Magnet School with East Hartford/Out-of-District Special Education.
Source: Department of Education, ED050, School Facilities Survey.

SCHOOL ENROLLMENT¹

<u>As of October 1</u>	<u>Grades Pre K-6</u>	<u>Grades 7-8</u>	<u>Grades 9-12</u>	<u>Special Education²</u>	<u>Total</u>
<i>Historical</i>					
2005-2006	3,732	1,096	2,028	51	6,907
2006-2007	3,782	1,096	2,024	52	6,954
2007-2008	3,851	1,110	2,068	67	7,096
2008-2009	3,777	1,165	2,077	51	7,070
2009-2010	3,710	1,160	2,110	49	7,029
<i>Projected</i>					
2010-2011	3,580	1,136	2,197	54	6,967
2011-2012	3,551	1,093	2,192	54	6,890
2012-2013	3,475	1,064	2,217	54	6,810
2013-2014	3,368	1,104	2,165	54	6,691
2014-2015	3,259	1,124	2,115	54	6,552

¹ Includes Special Education and Magnet School students.

² Special Education students enrolled in Out-of-District Placements

Source: Superintendent of Schools, Town of Glastonbury.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

<u>Year</u>	<u>Population</u> ¹	<u>% Increase</u>	<u>Density</u> ²
2008	33,263	4.4	634
2000	31,876	14.2	607
1990	27,901	14.7	531
1980	24,327	17.8	463
1970	20,651	42.5	393
1960	14,497	64.4	276

¹ U.S. Department of Commerce, Bureau of Census, 1960 – 2000; State of Connecticut, Department of Health Services, Estimation of Population, 2008.

² Per square mile: 52.5 square miles.

AGE DISTRIBUTION OF THE POPULATION

	<u>Town of Glastonbury</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	2,248	7.1%	223,344	6.6%
5 - 19.....	6,751	21.2%	702,358	20.6%
20 - 44.....	10,080	31.6%	1,220,260	35.8%
45 - 64.....	8,738	27.4%	789,420	23.2%
65 - 84.....	3,489	10.9%	405,910	11.9%
85 and over.....	570	1.8%	64,273	1.9%
Totals.....	31,876	100.0%	3,405,565	100.0%
Median Age (years)		39.8		37.4

Source: U.S. Department of Commerce, Bureau of Census, 2000.

INCOME DISTRIBUTION

	<u>Town of Glastonbury</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 - \$ 9,999.....	86	0.9%	33,423	3.8%
10,000 - 14,999.....	88	1.0%	23,593	2.7%
15,000 - 24,999.....	253	2.8%	63,262	7.1%
25,000 - 34,999.....	394	4.4%	75,413	8.5%
35,000 - 49,999.....	695	7.7%	120,134	13.6%
50,000 - 74,999.....	1,686	18.7%	198,924	22.5%
75,000 - 99,999.....	1,599	17.7%	141,981	16.0%
100,000 - 149,999.....	2,173	24.0%	132,177	14.9%
150,000 - 199,999.....	940	10.4%	42,472	4.8%
200,000 and over.....	1,121	12.4%	54,368	6.1%
Totals.....	9,035	100.0%	885,747	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000.

INCOME LEVELS

	Town of Glastonbury	State of Connecticut
Per Capita Income, 1999.....	\$40,820	\$28,766
Per Capita Income, 1989	\$26,073	\$20,189
Per Capita Income, 1979.....	\$11,224	\$8,598
Median Family Income, 1999.....	\$94,978	\$65,521
Median Family Income, 1989.....	\$66,046	\$49,199
Percent Below Poverty Level 1999.....	2.1%	7.9%

Source: ¹ U.S. Department of Commerce, Bureau of Census, 2000, 1990, 1980.

EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	524	2.4%	132,917	5.8%
9th to 12th grade.....	855	3.9%	234,739	10.2%
High School graduate.....	3,501	15.9%	653,300	28.5%
Some college, no degree.....	3,319	15.1%	402,741	17.5%
Associate's degree	1,708	7.8%	150,926	6.6%
Bachelor's degree.....	6,828	31.0%	416,751	18.2%
Graduate or professional degree...	5,261	23.9%	304,243	13.2%
Totals.....	21,996	100.0%	2,295,617	100.0%
Total high school graduate or higher (%).....		93.7%		84.0%
Total bachelor's degree or higher (%).....		55.0%		31.4%

Source: U.S. Department of Commerce, Bureau of Census, 2000.

MAJOR EMPLOYERS

As of September 2010

Employer	Product	Estimated Number of Employees
Open Solutions, Inc.....	Software Services	459
Ikon/Office Solutions.....	Information Technology	300
Super Stop & Shop Supermarket.....	Supermarket, Pharmacy (2 Stores)	293
Salmon Brook Nursing and Rehabilitation.....	Medical Center	200
CIGNA Insurance Co.....	Insurance Services	147
Bank of America Business Capital.....	Financial Services	130
Amica.....	Insurance Services	122
Flanagan Industries.....	Manufacturing	105
Nabisco/Kraft.....	Food Distribution	100
Aero-MED.....	Medical Supplies	80
Fiserv Solutions.....	Information Technology	76
Liberty Mutual Insurance.....	Insurance Provider	75
Mount Laurel Senior Living Community.....	Assisted Living	67
Glastonbury Wellness.....	Health Care	60
Cronin and Company.....	Marketing Communications	55

Source: Telephone survey of Employers.

EMPLOYMENT BY INDUSTRY

Sector	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	96	0.6%	7,445	0.5%
Construction.....	691	4.1%	99,913	6.0%
Manufacturing.....	1,896	11.4%	246,607	14.8%
Wholesale Trade.....	577	3.5%	53,231	3.2%
Retail Trade.....	1,548	9.3%	185,633	11.2%
Transportation and warehousing, and utilities....	536	3.2%	64,662	3.9%
Information	447	2.7%	55,202	3.3%
Finance, insurance, real estate, and rental and leasing.....	2,963	17.8%	163,568	9.8%
Professional, scientific, management, administrative, and waste management svcs....	1,875	11.3%	168,334	10.1%
Educational, health and social services.....	3,978	23.9%	366,568	22.0%
Arts, entertainment, recreation, accommodation and food services.....	743	4.5%	111,424	6.7%
Other services (except public administration)....	576	3.5%	74,499	4.5%
Public Administration	706	4.2%	67,354	4.0%
Total Labor Force, Employed.....	16,632	100.0%	1,664,440	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000.

EMPLOYMENT DATA

Period ¹	Town of Glastonbury		Percentage Unemployed		
	Employed	Unemployed	Town of Glastonbury	Hartford Labor Market	State of Connecticut
July 2010.....	17,446	1,244	6.7%	9.5%	9.4%
June 2010.....	17,411	1,210	6.5	9.1	8.9
May 2010.....	17,362	1,177	6.3	8.6	8.8
April 2010.....	17,355	1,086	5.9	8.6	8.5
March 2010.....	17,316	1,176	6.4	9.5	9.3
February 2010.....	17,268	1,244	6.7	10.0	9.8
Annual Average					
2009.....	17,500	1,066	5.7%	8.3%	8.2%
2008.....	17,716	715	3.9	5.8	5.7
2007.....	17,602	589	3.2	4.7	4.6
2006.....	17,400	548	3.1	4.5	4.4
2005.....	17,101	607	3.4	5.1	4.9
2004.....	16,845	573	3.3	5.2	4.9
2003.....	16,791	671	3.8	5.7	5.5
2002.....	16,927	526	3.0	4.5	4.4
2001.....	17,007	374	2.2	3.2	3.1
2000.....	16,939	277	1.6	2.3	2.3

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Glastonbury		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	1,429	11.3%	308,896	22.3%
1940 to 1969.....	4,338	34.4%	571,218	41.2%
1970 to 1979.....	2,422	19.2%	203,377	14.7%
1980 to 1989.....	2,524	20.0%	183,405	13.2%
1990 to March, 2000.....	1,901	15.1%	119,079	8.6%
Total housing units, 2000...	12,614	100.0%	1,385,975	100.0%
Percent Owner Occupied, 2000		81.7%	66.8%	

Source: U.S. Department of Commerce, Bureau of Census, 2000.

HOUSING INVENTORY

Type	Town of Glastonbury		State of Connecticut	
	Units	Percent	Units	Percent
1 unit detached.....	9,233	73.2%	816,706	58.9%
1 unit attached.....	1,155	9.2%	71,185	5.1%
2 to 4 units.....	1,166	9.2%	246,617	17.8%
5 to 9 units.....	361	2.9%	76,836	5.6%
10 or more units.....	699	5.5%	162,437	11.7%
Mobile home, trailer, other	0	0.0%	12,194	0.9%
Total Inventory.....	12,614	100.0%	1,385,975	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000.

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	16	0.2%	5,996	0.8%
\$50,000 to \$99,000.....	381	4.2%	85,221	11.7%
\$100,000 to \$149,999.....	1,150	12.7%	212,010	29.1%
\$150,000 to \$199,000.....	2,348	26.0%	156,397	21.5%
\$200,000 to \$299,999.....	3,019	33.5%	137,499	18.9%
\$300,000 to \$499,999.....	1,805	20.0%	79,047	10.9%
\$500,000 to \$999,999.....	273	3.0%	38,168	5.2%
\$1,000,000 or more.....	35	0.4%	13,906	1.9%
Totals.....	9,027	100.0%	728,244	100.0%
Median Sales Price		\$218,900		\$166,900
Median Sales Price ¹		\$295,000		\$218,900

¹ Median Sales Price, The Warren Group, 2009
Source: U.S. Department of Commerce, Bureau of Census, 2000.

BUILDING PERMITS (\$ in thousands)

Fiscal Year Ended 6/30	Residential		Industrial/Commercial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2010	43	\$11,550	132	\$14,620	727	\$10,869	902	\$37,039
2009	35	9,880	93	14,119	641	10,026	769	34,025
2008	57	18,091	135	19,812	706	28,139	898	66,042
2007	126	30,299	141	15,551	691	11,787	958	57,637
2006	112	33,029	112	10,913	771	12,693	995	56,635
2005	99	22,750	117	8,686	805	11,062	1,021	42,498
2004	106	20,775	108	5,879	885	15,454	1,099	42,108
2003	75	16,674	88	6,643	304	3,778	467	27,095
2002	136	24,786	112	9,666	780	8,373	1,028	42,825
2001	109	16,310	122	17,084	647	8,362	878	41,756

LAND USE SUMMARY

Land Use Category	Total Area		Developed		Undeveloped	
	Acres	Percent	Acres	Percent	Acres	Percent
Residential.....	20,400	60.7%	13,000	38.7%	7,400	22.0%
Commercial/Industrial...	4,200	12.5%	3,900	11.6%	300	0.9%
Open Space.....	9,000	26.8%	0	0.0%	9,000	26.8%
Total.....	33,600	100.0%	16,900	50.3%	16,700	49.7%

Source: Community Development, Town of Glastonbury.

IV. TAX BASE DATA

ASSESSMENTS

The Town of Glastonbury had a general property revaluation effective October 1, 2007. Under Section 12-62 of the Connecticut General Statutes, as amended in 2006, the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. Public Act 09-60 allows a municipality not to implement a revaluation for the 2008, 2009 and 2010 assessment years upon approval of its legislative body. In addition, any municipality that is currently in the process of phasing in a real property assessment increase, or a portion of such increase, may suspend such phase-in for a period of time, but not later than the 2011 assessment year. Any required revaluation subsequent to any delayed revaluation shall re-commence at the point in the schedule required prior to such delay. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of Glastonbury 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 Official. 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.

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 Glastonbury. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle has been included on the October Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor 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

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments on July 1 and January 1. Real estate and personal property taxes of less than \$100 are due in full in July. Motor vehicle taxes are payable in full, regardless of amount, on July 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed monthly, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after two years at which time they cease to be carried as receivables. Prior to June 30, 2010, the Town transferred all delinquent real estate accounts to suspense after two years. As of June 30, 2010, the Town has discontinued this practice.

A 2006 statute permits a municipality, upon approval of its legislative body, to freeze the real property taxes due for certain low income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of the total tax relief granted plus interest.

COMPARATIVE ASSESSED VALUATIONS
(\$ in thousands)

Grand List of 10/1	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemptions¹	Net Taxable Grand List	% Growth
2009	77.0	13.6	3.3	6.1	\$4,147,089	\$21,154	\$4,125,934	0.52%
2008	77.1	13.6	3.4	6.0	4,125,680	21,171	4,104,510	0.76%
2007 ²	77.0	13.4	3.1	6.4	4,087,995	14,304	4,073,691	31.89%
2006	74.6	13.3	3.8	8.3	3,101,464	12,857	3,088,607	1.91%
2005	74.7	13.2	3.8	8.4	3,042,966	12,143	3,030,823	2.02%
2004	74.8	13.2	3.9	8.2	2,983,310	12,554	2,970,756	2.07%
2003	75.0	13.4	3.8	7.8	2,921,944	11,424	2,910,520	1.01%
2002 ²	74.7	13.4	3.8	8.2	2,893,039	11,681	2,881,358	34.62%
2001	71.9	12.4	5.1	10.6	2,152,352	11,917	2,140,435	2.62%

¹ Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities. The State of Connecticut will directly reimburse the Town for 80% of the foregone taxes.

² Revaluation year.

Source: Assessor's Office, Town of Glastonbury.

PROPERTY TAX LEVIES AND COLLECTIONS

Grand List of Oct. 1	Fiscal Year Ending 6/30	Net Taxable Grand List¹	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2009
2009	2011	\$4,125,934	29.65	\$121,510,320	--To Be Collected 7/10 & 1/11--		
2008	2010	4,104,510	29.05	116,991,867	--Unaudited--		
2007	2009	4,073,691	28.35	115,587,894	99.1%	0.9%	0.9%
2006	2008	3,088,607	35.80	111,163,102	99.5%	0.5%	0.0%
2005	2007	3,030,823	34.00	103,690,601	99.6%	0.4%	0.0%
2004	2006	2,970,756	32.10	95,985,200	99.5%	0.5%	0.0%
2003	2005	2,910,520	30.90	90,306,040	99.3%	0.7%	0.0%
2002	2004	2,881,358	28.75	83,267,767	99.4%	0.6%	0.0%
2001	2003	2,140,435	36.70	79,366,296	99.3%	0.7%	0.0%

¹000's omitted.

Source: Assessor's Office, Town of Glastonbury.

TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List
Connecticut Light & Power Co.....	Utility	\$27,540,860	0.67%
Flanders Somerset LLC etal.....	Shopping Plaza & Restaurant	24,704,400	0.60%
Connecticut Mutual Life Insurance Co.....	Office Building	18,900,000	0.46%
Alecta Real Estate USA LLC.....	Retail Center	16,522,000	0.40%
BCIA 95 Glastonbury Boulevard LLC.....	Office Building	13,952,100	0.34%
Grunberg 628 Hebron LLC.....	Office Buildings	12,473,220	0.30%
Glastonbury Partners LLC.....	Real Estate	12,139,700	0.29%
PRA Suites at Glastonbury LLC.....	Hotel	10,765,800	0.26%
SBU LLC.....	Real Estate	11,270,000	0.27%
PRA Glastonbury LLC.....	Hotel	10,113,300	0.25%
Total.....		<u>\$158,381,380</u>	<u>3.84%</u>

¹ Based on a 10/1/09 Net Taxable Grand List of \$4,125,934,000.
Source: Assessor's Office, Town of Glastonbury.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2008	\$5,953,642,196	2.12%
2007	5,830,109,186	-4.49%
2006	6,104,015,650	4.23%
2005	5,856,152,420	3.39%
2004	5,663,902,306	11.02%
2003	5,101,833,622	23.63%
2002	4,126,843,486	-2.08%
2001	4,214,628,515	6.77%
2000	3,947,320,450	12.73%
1999	3,501,595,873	12.36%
1998	3,116,485,848	8.90%

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

V. FINANCIAL INFORMATION

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

The reporting model includes the following segments:

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

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

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

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

Please refer to Appendix A "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 Glastonbury.

BUDGETARY PROCEDURES

The Town establishes its general fund budget in accordance with provisions of its Charter and the Connecticut General Statutes. The budget is adopted in accordance with accounting principles generally accepted in the United States of America except that certain on-behalf payments are not recognized for budgetary purposes.

The Budget is adopted at the Final Budget Hearing. Supplemental appropriations require approval of the Council and Board of Finance in accordance with Charter provisions. Transfers and supplemental appropriations are approved during the year in accordance with the provisions of the Charter and the Connecticut General Statutes.

Annual operating budgets are prepared and employed for management control only for the General Fund. Therefore, only the General Fund has a statement of revenues, expenditures and changes in fund balance - budget and actual included in the basic financial statements. Unexpended appropriations of the General Fund lapse at fiscal year end. While project and object budgets are not legally adopted for the Capital Projects Funds and Capital and Non-Recurring Expenditures Fund (a Special Revenue Fund), they are employed as a management tool and do not lapse at year-end. The five-year capital improvement program is adopted annually for the current year.

Expenditures may not legally exceed budgeted appropriations at the department level. Budget transfers within a department can be authorized by the Town Manager when the amount is less than \$5,000 and does not include

additional staffing or monies to acquire capital items deleted in prior budgets. Transfers greater than \$5,000 within departments must be approved by the Board of Finance. Other transfers between departments require Council and Board of Finance approval. However, such transfers may occur only after April 1 of the fiscal year.

The Town of Glastonbury has received the GFOA Distinguished Budget Award for the years 1996 through 2009.

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 Glastonbury is in full compliance with said provisions. For the fiscal year ended June 30, 2009, the financial statements of the Town were audited by the firm of McGladrey & Pullen., Certified Public Accountants of New Haven, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting: The Town of Glastonbury has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (“GFOA”) of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1989 through June 30, 2009. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program. The Town plans to submit its financial statements for fiscal year ended June 30, 2010 to the GFOA to determine its eligibility for another certificate.

THE TOWN OF GLASTONBURY IS ONE OF ELEVEN CONNECTICUT COMMUNITIES TO RECEIVE BOTH A DISTINGUISHED BUDGET AWARD AND A CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FROM GFOA.

PENSION PLANS

Town Plan

The Town of Glastonbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers’ Retirement System. Both the employer and the employee are obligated to contribute to this plan. The PERS is a defined benefit pension plan and is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial reports as a Pension Trust Fund. Stand alone reports are not available.

The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. Employees are eligible to participate in the Plan upon the completion of one year of continuous service. Connecticut General Statutes assign the authority to establish and amend the benefit provisions of the Plan to the Town. Under the Plan, all employees, except police, are partially vested after 5 years of service. All Plan members are 100% vested after 10 years of service.

Connecticut State Teachers’ Retirement System

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

Please refer to the Town of Glastonbury’s “Notes to Financial Statements”, Note 9, in “Appendix A” herein for further information on the Town’s Pension Plan.

OTHER POST EMPLOYMENT BENEFITS

The Town provides certain health care benefits for retired employees. Substantially all employees may be eligible for these benefits if they become eligible for retirement while working for the Town. Effective June 30, 2009, the Town established a trust to fund these benefits. In accordance with GASB 45, the Town obtained an actuarial valuation of its OPEB liability and cost as of July 1, 2007 and July 1, 2009 which will be updated biannually.

The Town has obtained an actuarial valuation of OPEB liability and cost under GASB 45 as of July 1, 2009:

GASB 45 Valuation	Employees
Unfunded Actuarial Liability 7/1/09 ¹ ...	\$14,058,000
ARC for Fiscal Year 2010.....	1,219,078
Contributions made.....	775,900
¹ Net of Value of Plan Assets of \$228,000	

Please refer to the Town of Glastonbury’s “Notes to Financial Statements”, Note 9, in “Appendix A” herein for further information on the Town’s Pension Plan.

MEDICAL SELF-INSURANCE

The Town maintains a central Insurance/Pension division to account for activity related to Workers’ Compensation, Casualty/Property/Liability insurance, life and disability insurance and employee related costs for health insurance and pensions. All employer costs applicable to fringe benefits, i.e. health insurance, social security, Medicare and pension, are accounted for in each department’s budget.

In July 2009, the Town hired Lockton Companies (Lockton) to analyze and evaluate the option of self-insurance for the Town and Education health insurance plans. The analysis was favorable indicating there would have been significant savings in prior years had the Town been self insured for Medical benefits. While past results do not guarantee future results, after careful evaluation, the Town made the decision that the estimated savings warranted implementation of a self-insured program which was put into effect on July 1, 2010. The program accounts for health insurance coverage for Town and Board of Education employees. The Town and Board of Education contribute funds, as well as employee premium share amounts, to cover costs associated with providing medical benefits to current full-time employees. The program is administered by Anthem Blue Cross/Blue Shield and Connecticare who provide administrative and claims processing services. A newly established Internal Service Fund will account for program activity. The Town covers claims up to \$125,000 for Anthem and \$175,000 for Connecticare per participant per year with an individual stop-loss policy covering amounts exceeding that limit. In addition, there is an aggregate stop-loss policy that would cover claims exceeding 120% for Anthem and Connecticare, respectively, of total estimated claims for the year. The Town will seek to maintain a reserve in the Internal Service Fund in addition to an allowance for claims incurred but not reported at year-end in accordance with Governmental Accounting Standards Board Statement Number 10.

INVESTMENT POLICIES AND PRACTICES

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

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

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

	Budget 2010-11 ^{1,3}	Estimated Unaudited 2009-10	Actual 2008-09	Actual 2007-08	Actual 2006-07	Actual 2005-06	Actual 2004-05
REVENUES:							
Property Taxes.....	\$121,897,121	\$118,807,790	\$115,600,163	\$111,269,404	\$104,127,646	\$96,403,227	\$90,609,468
Licenses/Permits.....	738,100	918,526	888,429	1,267,583	1,347,568	1,332,325	1,169,354
Intergovernmental Revenues.....	7,716,814	9,042,734	9,546,377	10,046,565	7,469,242	7,530,085	6,989,468
Charges for Services.....	1,422,056	1,397,510	1,491,865	3,066,610	3,048,447	2,888,823	2,493,371
Investment Income.....	300,000	356,298	841,580	1,872,515	2,115,892	1,385,948	642,199
Other Revenues.....	1,774,371	1,866,914	1,827,368	2,047,182	1,937,873	3,797,255	1,697,387
State payment for Teacher's Retirement.....			6,321,000	28,791,494	4,616,951	4,356,558	1,973,183
Total Revenues.....	\$133,848,462	\$132,389,772	\$136,516,782	\$158,361,353	\$124,663,619	\$117,694,221	\$105,574,430
Use of Fund Balance ²	1,500,000	0	0	0	0	0	0
Transfers In-Other Funds.....		1,741,457	13,598,262	1,582,299	1,558,223	1,726,741	23,825,803
Total Revenues and Transfers In.....	\$135,348,462	\$134,131,229	\$150,115,044	\$159,943,652	\$126,221,842	\$119,420,962	\$129,400,233
EXPENDITURES:							
General Government.....	\$2,827,168	\$2,694,876	\$2,551,501	\$2,415,826	\$2,326,787	\$2,243,732	\$2,137,596
Community Development.....	1,857,415	1,809,662	1,863,995	1,772,040	1,668,626	1,636,712	1,578,517
Administrative Services.....	5,536,108	4,956,513	5,266,616	5,219,074	5,018,769	4,874,536	4,552,728
Public Safety.....	10,342,207	9,770,920	9,545,421	9,466,974	8,925,970	8,619,276	7,935,880
Physical Services.....	5,992,192	6,007,171	5,889,862	5,538,185	5,089,293	5,123,058	5,165,005
Sanitation.....	741,921	2,433,602	2,401,026	2,198,330	2,242,013	2,107,488	1,959,488
Human Services.....	2,642,795	2,463,208	2,452,058	2,290,399	2,151,797	2,135,477	1,767,502
Leisure/Culture.....	4,926,318	4,823,840	4,679,520	5,266,730	4,962,809	5,012,640	4,376,460
Contingency.....	175,000	0	0	0		37,994	932
Total Town.....	\$35,041,124	\$34,959,792	\$34,649,999	\$34,167,558	\$32,386,064	\$31,790,913	\$29,474,108
State payment for Teacher's Retirement.....			6,321,000	28,791,494	4,616,951	4,356,558	1,973,183
Debt Service.....	10,352,620	10,734,540	10,881,655	10,869,423	10,370,675	8,648,220	7,739,670
Education.....	86,919,718	86,296,175	83,715,229	79,274,289	74,031,222	68,918,999	64,168,743
Total Expenditures.....	\$132,313,462	\$131,990,507	\$135,567,883	\$153,102,764	\$121,404,912	\$113,714,690	\$103,355,704
Transfers Out-Other Fund.....	3,035,000	4,147,082 ²	14,491,644	2,935,000	3,355,000	2,025,000	24,648,879
Total Expenditures and Transfers Out.....	\$135,348,462	\$136,137,589	\$150,059,527	\$156,037,764	\$124,759,912	\$115,739,690	\$128,004,583
Excess (deficiency) of Revenues/ Transfers over Expenses/Transfers.....		(\$2,006,360)²	\$55,517	\$3,905,888	\$1,461,930	\$3,681,272	\$1,395,650
Fund Balance, July 1.....		\$19,625,638	\$19,570,120	\$15,664,232	\$14,202,302	\$10,521,030	\$9,125,380
Fund Balance, June 30.....		\$17,619,278	\$19,625,637	\$19,570,120	\$15,664,232	\$14,202,302	\$10,521,030

¹ Budgetary Basis.

² Includes an additional appropriation of \$1.1 million during the fiscal year for the Western Boulevard Road Connection project. The fund balance appropriation for operating purposes for the 2009-10 Fiscal Year was \$2.0 million; Town Officials estimate the use of approximately \$906,000 of that amount for operating purposes.

³ Effective July 1, 2010, a Special Revenue Fund was established to account for Sewer Operations. The 2010-11 Budget for this fund is \$2,276,198 and will be funded primarily through user fees.

ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)

	Budget 2010-11	Estimated Unaudited 2009-10	Actual 2008-09	Actual 2007-08	Actual 2006-07	Actual 2005-06	Actual 2004-05
Reserved for Encumbrances.....	N/A	\$152,716	\$106,365	\$189,332	\$128,135	\$51,096	\$240,539
Reserved for Inventory.....		168,163	168,163	196,747	190,238	171,246	168,352
Reserved for Capital Outlay.....		85,183	169,388	146,868	69,500	47,500	15,598
Unreserved:							
Designated for Insurance.....	N/A	275,000	275,000	275,000	275,000	275,000	275,000
Designated for Subsequent Years Exp.....		1,500,000	2,000,000	2,550,000	550,000	550,000	550,000
Designated for Specific Purposes.....				654,000	73,165	14,776	23,193
Unreserved/Undesignated.....		15,438,216	16,906,721	15,558,173	14,378,194	13,092,684	9,248,348
Total Fund Balance.....	N/A	\$17,619,278	\$19,625,637	\$19,570,120	\$15,664,232	\$14,202,302	\$10,521,030
Undesignated Fund Balance							
As % of Total Expenditures.....	N/A	11.34%	11.27%	¹	11.97%	11.80%	8.94%

¹ Revenues and transfers in total \$131,152,158 and expenditures and transfers out total \$127,246,270 for Fiscal Year ended June 30, 2008 based on exclusion of \$28,791,494 which represents on-behalf contribution by the State of Connecticut to the Connecticut State Teachers Retirement Fund. At June 30, 2008, the Town's undesignated fund balance of \$15,558,173 represents 12.22% of the adjusted total expenditures and transfers out of \$127,246,270.

Source: Audited Financial Statements 2005-2009; Preliminary Town Estimates 2010; Budget 2011, Town of Glastonbury.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of October 12, 2010

(Pro Forma)

Long-Term Debt: Bonds

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding 10/12/2010¹</u>	<u>Fiscal Year Maturity</u>
<u>General Purpose</u>					
03/01/02	Land Acquisition.....	4.3468	\$2,250,000	\$110,000	2011
12/15/04	Refunding Bonds.....	3.3972	3,493,305	1,798,286	2019
05/15/06	Various.....	4.2859	4,120,000	3,130,000	2026
05/15/07	Various.....	3.9909	3,270,000	2,755,000	2027
04/01/09	Various, Series A.....	3.7028	7,000,000	6,650,000	2029
04/01/09	Refunding Bonds, Series B.....	2.5728	2,135,000	1,940,000	2022
10/01/10	Refunding Bonds.....	2.4533	8,995,000	8,995,000	2025
	Sub-Total		\$31,263,305	\$25,378,286	
<u>Schools</u>					
03/01/02	Middle/Gideon Schools.....	4.3468	\$3,400,000	\$165,000	2022
12/15/04	Refunding Bonds.....	3.3972	18,211,695	7,986,714	2019
05/15/06	High School/Elementary School..	4.2859	16,480,000	13,260,000	2026
05/15/07	High School/Elementary School..	3.9909	7,850,000	6,665,000	2027
04/01/09	High School/Elementary School..	3.7028	1,000,000	950,000	2029
04/01/09	Refunding Bonds, Series B	2.5728	7,370,000	6,775,000	2022
10/01/10	Refunding Bonds.....	2.4533	19,555,000	19,555,000	2025
	Sub-Total.....		\$73,866,695	\$55,356,714	
	Total.....		\$105,130,000	\$80,735,000	

¹ Excludes the Refunded Bonds.

Short-Term Debt:

	<u>Amount Authorized</u>	<u>Bonded/ Grants</u>	<u>Notes Due 11/15/2010</u>	<u>Notes Due 12/10/2010</u>	<u>These Notes</u>	<u>Authorized But Unissued</u>	<u>Legal Renewable Limit</u>
Land Acquisition.....	\$3,875,000			\$3,875,000		\$0	3/10/2020
New Elementary School.....	29,500,000	\$24,868,883	\$505,000		\$435,000	4,196,117	5/15/2018
Glastonbury High School.....	48,331,389	47,260,638	720,000		700,000	370,751	5/15/2018
	\$81,706,389	\$72,129,521	\$1,225,000	\$3,875,000	\$1,135,000	\$4,566,868	

Other Long-Term Commitments:

None

CLEAN WATER FUND PROGRAM

The Town of Glastonbury is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) 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 of 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 a 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.

The Town has undertaken a \$30.6 million upgrade and renovation to its Wastewater Treatment Plant. The Town is financing this project under the Clean Water Program as follows: \$23,701,543 in total loans at a rate of 2% and \$6,906,436 in total grants. The project is scheduled for completion in 2010. It is anticipated that when complete, repayment of the 2% loan to the state will have minimal impact on the general taxpayer. Funding scenarios reviewed by the Town anticipate annual loan payments to be made primarily from user fees, accumulated sewer use funds and investment income generated in the Sewer Sinking Fund.

The Town has the following Clean Water Fund Interim Funding Obligation ("IFO") outstanding:

<u>CLEAN WATER FUND</u>			
<u>Project</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding As of August 31, 2010</u>
CWF IFO 454-C.....	6/20/2008	\$23,701,543	\$21,867,593

Other Long-Term Commitments:

None

ANNUAL BONDED DEBT MATURITY SCHEDULE^{1,2}

As of October 12, 2010

(Pro Forma)

Fiscal Year Ending 6/30	Principal	Interest	Total	These Bonds	Cumulative Percent Retired
2011	\$5,020,000	\$1,443,301	\$6,463,301	\$2,410,000	8.90
2012	4,315,000	1,457,726	5,772,726	1,575,000	15.96
2013	4,550,000	1,320,838	5,870,838	1,570,000	23.30
2014	4,520,000	1,176,907	5,696,907	2,000,000	31.11
2015	4,495,000	1,032,550	5,527,550	2,015,000	38.91
2016	4,425,000	887,475	5,312,475	2,025,000	46.64
2017	4,000,000	755,006	4,755,006	2,025,000	53.87
2018	3,990,000	648,863	4,638,863	2,020,000	61.07
2019	3,620,000	548,007	4,168,007	2,015,000	67.82
2020	2,310,000	465,331	2,775,331	2,010,000	73.00
2021	2,305,000	397,644	2,702,644	1,995,000	78.15
2022	2,150,000	329,957	2,479,957	2,005,000	83.13
2023	1,875,000	268,644	2,143,644	1,990,000	87.76
2024	1,855,000	207,331	2,062,331	1,960,000	92.34
2025	1,855,000	145,738	2,000,738	935,000	95.68
2026	1,855,000	84,144	1,939,144		97.90
2027	950,000	22,550	972,550		99.04
2028	400,000				99.52
2029	400,000				100.00
Totals	\$54,890,000	\$11,192,012	\$65,282,012	\$28,550,000	

¹ Includes \$2,705,000 in principal payments made in Fiscal Year 2010-11.

² Excludes the Refunded Bonds.

OVERLAPPING/UNDERLYING DEBT

The Town of Glastonbury does not have any overlapping or underlying debt.

DEBT STATEMENT

As of October 12, 2010

(Pro Forma)

LONG TERM DEBT

Bonds: *Including This Issue*

General Purpose.....	\$25,378,286
Schools.....	55,356,714

TOTAL LONG TERM DEBT..... \$80,735,000

SHORT TERM DEBT *Including This Issue* \$5,010,000

CWF IFO..... 21,867,593

TOTAL DIRECT DEBT..... \$107,612,593

Less:

State School Construction Grants Receivable ¹ ...	\$1,155,143
Self-Supporting Sewer Debt ²	21,867,593

TOTAL DIRECT NET DEBT..... \$84,589,857

TOTAL UNDERLYING DEBT..... 0

TOTAL NET DIRECT DEBT..... \$84,589,857

¹ Represents grants receivable for prior school bond issues.

² The Sewer Debt is self-supporting. Debt service payments are expected to be made from the Special Revenue Fund for Wastewater Treatment Operations.

CURRENT DEBT RATIOS

October 12, 2010

(Pro Forma)

Population ¹	33,263
Net Taxable Grand List - 10/1/09 @ 70% of full value	\$4,125,934,000
Estimated Full Value.....	\$5,894,191,429
Equalized Net Taxable Grand List - 2008 ²	\$5,953,642,196
Money Income per Capita - 2000 ³	\$40,820

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	<u>\$107,612,593</u>	<u>\$84,589,857</u>	<u>\$84,589,857</u>
Per Capita.....	\$3,235.20	\$2,543.06	\$2,543.06
Ratio to Net Taxable Grand List.....	2.61%	2.05%	2.05%
Ratio to Estimated Full Value.....	1.83%	1.44%	1.44%
Ratio to Equalized Grand List.....	1.81%	1.42%	1.42%
Debt per Capita to Money Income per Capita.	7.93%	6.23%	6.23%

¹ State of Connecticut, Department of Health Services, 2008 Estimate of Population.

² Office of Policy and Management, State of Connecticut.

³ U.S. Department of Commerce, Bureau of Census, 2000.

BOND AUTHORIZATION

The Town of Glastonbury 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. The issuance of Bonds is authorized at referendum at which all electors can vote, after approval by the Town Council.

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 if 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 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, 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 October 12, 2010

(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)

received by the Treasurer for the year ended June 30, 2009.....	\$115,218,972
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	125,531
BASE.....	<u>\$115,344,503</u>

DEBT LIMITATION:	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2¼ times base.....	\$259,525,132				
4½ times base.....		\$519,050,264			
3¾ times base.....			\$432,541,886		
3¾ times base.....				\$374,869,635	
3 times base.....					\$346,033,509
Total debt limitation.....	<u>\$259,525,132</u>	<u>\$519,050,264</u>	<u>\$432,541,886</u>	<u>\$374,869,635</u>	<u>\$346,033,509</u>
INDEBTEDNESS¹:					
Bonds Payable.....	\$25,378,286	\$55,356,714	\$0	\$0	\$0
Notes Payable.....	3,875,000	1,135,000	21,867,593 ³	0	0
Authorized but Unissued Debt.....	3,280,000	4,566,868	1,822,971	0	0
TOTAL DIRECT INDEBTEDNESS	<u>\$32,533,286</u>	<u>\$61,058,582</u>	<u>\$23,690,564</u>	<u>\$0</u>	<u>\$0</u>
Less:					
School Construction Grants..		\$1,155,143 ²			
TOTAL NET INDEBTEDNESS.....	<u>\$32,533,286</u>	<u>\$59,903,439</u>	<u>\$23,690,564</u>	<u>\$0</u>	<u>\$0</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$226,991,846</u>	<u>\$459,146,825</u>	<u>\$408,851,322</u>	<u>\$374,869,635</u>	<u>\$346,033,509</u>

¹ Excludes the Refunded Bond, includes the Refunding Bonds.

² Represents State of Connecticut School Construction Grants payable to the Town over the life of certain school bond issues.

³ The Sewer Debt is self-supporting. Debt service payments are expected to be made from the Special Revenue Fund for Wastewater Treatment Operations.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$807,411,521.

AUTHORIZED BUT UNISSUED DEBT

As of October 12, 2010

(Pro Forma)

Project	Authorized	Bonded	Grants/ Other Funds	BANS/ IFO	Debt Authorized but Unissued			
					General Purpose	Schools	Sewers	Total
Remediation.....	1,200,000	700,000	0	0	500,000	0	0	500,000 ²
High School.....	48,331,389	33,530,000	13,730,638	700,000	0	370,751	0	370,751 ¹
Land Acquisition - 2003.....	3,000,000	2,835,000	0	0	165,000	0	0	165,000
Wastewater Treatment Plant.....	30,600,000	0	6,909,436	21,867,593	0	0	1,822,971	1,822,971 ³
Nayaug Elementary School.....	29,500,000 ³	18,180,000	6,688,883	435,000	0	4,196,117	0	4,196,117 ¹
Land Acquisition - 2004.....	4,000,000	3,650,000	125,000	0	225,000	0	0	225,000
Riverfront Park - Phase 1.....	4,250,000	2,955,000	905,000	0	390,000	0	0	390,000
Land Acquisition - 2009.....	2,000,000	0	0	0	2,000,000	0	0	2,000,000
Total.....	\$122,881,389	\$61,850,000	\$28,358,957	\$23,002,593	\$3,280,000	\$4,566,868	\$1,822,971	\$9,669,839

¹ This project is eligible for State of Connecticut School Construction Grants of approximately 33.57% of eligible costs.

² Represents grants receivable.

³ The Sewer Debt is self-supporting.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT

<u>Long-Term Debt</u>	<u>2010 Est.</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Bonds.....	\$82,765,000	\$89,990,000	\$89,020,000	\$95,665,000	\$91,025,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes..	5,100,000	5,100,000	4,400,000	1,600,000	0
Totals.....	\$87,865,000	\$95,090,000	\$93,420,000	\$97,265,000	\$91,025,000

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME¹

Fiscal Year Ended 6/30	Net Assessed Value ²	Estimated Full Value ²	Direct Debt	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ³	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ⁴
2010 Est.	\$4,105,604	\$5,865,149	\$87,865,000	2.14%	1.50%	33,263	\$2,641.52	6.47%
2009	4,073,645	5,819,493	95,090,000	2.33%	1.63%	33,263	2,858.73	7.00%
2008	3,088,618	4,412,311	93,420,000	3.02%	2.12%	33,263	2,808.53	6.88%
2007	3,030,823	4,329,747	97,265,000	3.21%	2.25%	33,169	2,932.41	7.18%
2006	2,970,756	4,243,937	91,025,000	3.06%	2.14%	33,089	2,750.91	6.74%

¹ Does not reflect State of Connecticut School Construction and interest subsidy grants applied to the retirement of the outstanding debt.

² 000's omitted.

³ 2006-10 Population: State of Connecticut, Department of Health Services Estimates.

⁴ Income per Capita: \$40,820 - Fiscal Years 2006-2010 - U.S. Department of Commerce, Bureau of Census, 2000.

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

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2010 Est.	\$10,734,540	\$136,137,589	7.89%
2009	10,881,655	150,059,527	7.25%
2008	10,869,423	127,246,270	8.54%
2007	10,370,675	120,142,961	8.63%
2006	8,648,220	110,979,382	7.79%

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

CAPITAL IMPROVEMENT PROGRAM

The Board of Finance and Town Council annually review the Capital Improvement Program criteria and revise as necessary.

Purpose

In recognition that buildings, infrastructure, technology and major equipment are the physical foundation for providing services to the residents of the Town of Glastonbury, a multi year Capital Improvement Program (CIP) is prepared and reviewed annually. The purpose of the plan is to budget for the acquisition, replacement or renovation of major fixed assets. These items are generally not of a recurring nature and not included in the regular operating budget process. Careful planning during this process is critical to the procurement, construction, and maintenance of capital assets to meet the needs and activities of the Town.

A comprehensive capital plan will help ensure the future financial health of the Town and continue delivery of services to citizens and businesses.

Capital/Fixed Assets are categorized as follows:

- Land
- Land Improvements
- Buildings and Improvements
- Machinery and Equipment
- Infrastructure

Capital/Fixed Asset items to be included in the Town's annual operating budget:

- Fixed assets that cost less than \$75,000
- Fixed assets that are of a recurring nature and acquired each year

Capital/Fixed Asset items to be included in the Town's Capital Improvement Program (CIP):

- The acquisition of and improvements to assets that cost \$75,000 or more and,
- Have an anticipated life expectancy of ten years or more.

This CIP provides for a five-year plan of acquisition, renovation, replacement and construction of major Capital Improvements and includes a planning, budgetary and financing process. The following Capital Improvement items are to be included in this CIP:

Most non-recurring major expenditures are the result of the Town's acquisition of capital items that form the physical foundation for municipal services such as land, buildings, infrastructure improvements, machinery and equipment. However, there can be major expenditures for non-capital items that can be anticipated on a recurring and periodic basis and require significant funding. Examples include property revaluation as required by Connecticut General Statutes, the annual road paving program, technology programs and systems, and other similar items. Such requests shall be reviewed as part of the annual Capital Improvement Program (CIP) process.

CAPITAL IMPROVEMENT PLANNING PROCESS

Identification of Needs

Annually, each department, board or agency shall submit a proposed five year Capital Improvement Program (CIP) to the Town Manager in accordance with the CIP schedule. Requested items shall include acquisition of capital assets, new construction, major renovations and improvements to municipal facilities, purchase of machinery and equipment and other items that satisfy the CIP criteria. Capital improvement proposals received outside of the formal CIP process from departments, citizens, agencies or organizations shall be forwarded to the Town Manager for review and recommendation to the Town Council as applicable.

Items that are to be included in the Capital Improvement Program include the following with an estimated cost of \$75,000 or more and have a useful life of not less than ten years:

- Purchase of Land and Development Rights
- Construction of New Buildings
- Land and Building Improvements and Renovations
- Machinery and Equipment
- Infrastructure Improvements (streets, sewers, sidewalks, etc.)
- Vehicles and Construction equipment
- Feasibility Analysis/Design/Cost estimates and other professional services relative to anticipated major projects
- Certain recurring expenditures/projects that due to their nature and anticipated cost are best appropriated through the CIP (e.g. revaluation or major software acquisition)

Capital Improvement Program Timing/Schedule

Capital Improvement items are considered on the basis of need and value to the community. In general, the CIP will be prepared, presented and acted upon in accordance with the following schedule:

No later than January 29	Town Manager shall provide a five year planning document to the Town Council summarizing department proposals for capital improvements, a recommendation of items to be included in the CIP, project priorities for the following fiscal year and proposed method/sources of funding for all recommended projects.
On or about February 1	Town Council shall recommend preliminary capital improvement priorities to the Board of Finance
On or about February 15	Board of Finance shall recommend CIP to Town Council
No later than March 27	Town Council adopts capital program for the following fiscal year

The Town Manager will provide the Town Council periodic status reports throughout the year and present detailed project status reports or design plans on an as needed basis in accordance with the applicable project schedule.

Estimated Costs

Costs shall be estimated for all items requested as part of the five-year Capital Improvement Program. Costs for items requested in years two through five shall anticipate an escalation rate to be determined by the Town Manager at the beginning of the CIP process.

The steps for **major** construction projects shall be recommended by the Town Manager and will generally include the following:

- A. Evaluation/feasibility phase, as necessary
- B. Preliminary design and cost estimating phase
- C. Final Design and construction

Subject to the specifics of the project, funding for steps A and B may be combined in the initial request. Cost estimates should include preliminary design fees, final design fees, architectural fees, construction management fees, construction costs, acquisition costs, contingency, escalation, legal and financing fees, including short term interest, and any other costs applicable to the project. The scope and estimated costs of in kind services shall be identified and presented along with the initial cost estimates for the project.

CAPITAL IMPROVEMENT BUDGETARY PROCESS

Funding

The Town Council, as part of the annual operating and capital budget process, will review the capital projects recommended by the Town Manager. The Town Manager will develop a recommended financing plan, with options, based on total project costs, cash flow, projected method(s) of financing the projects, Capital Reserve fund projections, mill rate and debt service impact on future operating budgets. The Town Council shall review these projections when developing project priorities and the recommended capital program for the following year. The goal is to effectively balance the total of the annual Capital Reserve Transfer and Debt Service requirements to minimize fluctuations in the mill rate in accordance with established guidelines set forth in this document.

An annual financing plan for the multi-year capital improvement plan is critical to the CIP process. Factors to be considered shall include:

- Anticipated revenue and expenditure trends and the relationship to multi-year financial plans
- Cash flow projections of the amount and timing of the capital improvement projects
- Compliance with all established financial policies
- Legal constraints imposed by Town charter or State statute
- Evaluation of various funding alternatives
- Reliability and stability of identified funding sources
- Evaluation of the affordability of the financing strategy, including debt ratios, future budgets and mill rate.

The Capital Improvement Program shall generally be funded as follows:

- A. Capital Reserve Fund** – The Town will use the Capital Reserve Fund as the primary funding source for capital projects to be funded on a pay as you go basis.

Based on factors referenced herein the Town Council shall consider as a general guideline a minimum annual appropriation and transfer to the Capital Reserve Fund in an amount equivalent to two percent (2%) of the current adopted operating budget rounded to the next highest \$50,000.

Annually the Board of Finance will review the General Fund undesignated fund balance, Capital Reserve undesignated fund balance and other funding requirements and may recommend a transfer of additional funds to the Capital Reserve. The goal of the Town is to maintain an unreserved and undesignated balance in the Capital Reserve Fund of an amount equivalent to \$1,000,000, except as needed to meet emergencies. The reserve policy will be reviewed annually and adjusted accordingly as part of the CIP process. Factors to be considered include evaluation of the projects in the multi-year plan, the method of financing and their effect on projected mill rates.

- B. Donations/Grants/Loans** – Anticipated contributions from various organizations or groups towards certain Capital Improvement projects, grants and loans will be used in financing the CIP to determine final estimated net cost to the Town.
- C. General Obligation Bonds** – Projects that are anticipated to have a significant expenditure of funds should be considered for referendum and funded through the issuance of general obligation bonds that shall be authorized and issued in accordance with Section 312 of the Glastonbury Town Charter.

Debt Limitations

As debt is a primary source of funding needs for major improvements, a sound credit rating is a very valuable asset for Glastonbury. To preserve a strong credit rating the Town will maintain debt burden ratios as follows:

Ratio of net debt to equalized full value of Grand List	not to exceed 3.5%
Debt Service as a percent of budgeted expenditures	not to exceed 10%

These Capital Improvement Program guidelines will be updated annually by action of the Town Council upon recommendation by the Board of Finance.

Referendum Threshold – Expenditures of Cash Resources

In accordance with Section 312 of the Glastonbury Town Charter projects involving the issuance of debt require authorization at public referendum.

The purpose of this section is to establish a Council policy for approval of Capital projects involving the appropriation of significant cash resources. Such funding would typically be appropriated from the General Fund and Capital Reserve Fund and could involve grants, community donations and other funding sources. A referendum threshold is established under this section as a general Council policy for cash funded Capital projects.

The referendum threshold shall be defined as cash funded projects which exceed two percent (2%) of the adopted Town, Education, and Debt & Transfers budget, rounded to the next highest \$50,000. Generally, projects exceeding the Town's referendum threshold will be submitted to public referendum. However, in establishing this policy, the Council recognizes there will be circumstances and conditions for which a public referendum is not practical or in the best interests of the community. Examples include Capital Improvements involving:

- exigent circumstances affecting the health or safety of the community;
- grant funding and community donations which reduce the net project cost below the applicable threshold;
- care and maintenance of Town buildings, roads, bridges, facilities, sanitary sewers and other infrastructure;
- projects that are of a recurring nature and may be funded on an annual basis for which cumulative funding could exceed the referendum threshold. Examples include the annual road paving program; technology systems and upgrades; infrastructure improvements; and other projects and items.

Projects will not be phased over a number of years to circumvent the referendum threshold with the exceptions noted herein.

VII. LEGAL AND OTHER LITIGATION

LITIGATION

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of Glastonbury, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

UNDERWRITER

Roosevelt & Cross, Incorporated (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds and the Notes from the Town at a net aggregate purchase price of \$31,077,138.85 (consisting of the principal amount of \$28,550,000.00 plus original issue premium of \$2,624,779.85, less underwriters discount of \$97,641.00) for the Bonds and a net aggregate purchase price of \$1,145,124.20 (consisting of the principal amount of \$1,135,000 plus original issue premium of \$12,394.20, less underwriters discount of \$2,270.00). The Underwriter will be obligated to purchase all of the Bonds and Notes if any of the Bonds and Notes are purchased. The Underwriter may offer and sell the Bonds and Notes to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds and Notes into investment trusts) at prices lower than the public offering prices stated on the cover page of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon the delivery of the Bonds and Notes, the Underwriter will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery of the Bonds no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town signed by the Town Manager and Director of Finance and Administrative Services - 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 Bond and Note Purchase Agreements for the Bonds and Notes were executed, the descriptions and statements in the Official Statement relating to the Town of Glastonbury and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendices B-1 and B-2 attached hereto.
5. Executed Continuing Disclosure Agreements for the Bonds substantially in the form of Appendix C-1 attached hereto and for the Notes substantially in the form of Appendix C-2 attached hereto.
6. Such documents or certifications as set forth in the Bond and Note Purchase Agreements entered into between the Town and the Underwriter.
7. The Town of Glastonbury, Connecticut has prepared an Official Statement for these issues which is dated September 28, 2010 for the Bonds and Notes. 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 the Underwriter of the Bonds and Notes 100 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.

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

CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds and 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 Glastonbury by the following officials:

TOWN OF GLASTONBURY, CONNECTICUT

/s/ Richard J. Johnson

Richard J. Johnson, *Town Manager*

/s/ Diane M. Waldron

Diane M. Waldron, *Director of Finance and Administrative Services – Treasurer*

September 28, 2010

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APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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Basic Financial Statements

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Appendix A - General Purpose Financial Statements - is taken from the Comprehensive Annual Financial Report of the Town of Glastonbury for the Fiscal Year ended June 30, 2009 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 from Diane Waldron, Director of Finance and Administrative Services, Town of Glastonbury, 2155 Main Street, Glastonbury, Connecticut 06033.

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McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Town Council and the Board of Finance
Town of Glastonbury, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Glastonbury, Connecticut as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Glastonbury, Connecticut as of June 30, 2009, and the respective changes in financial position thereof, and the budgetary information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11 to the basic financial statements, the Town adopted GASB Statement No. 45 as of July 1, 2008

As described in Note 8 to the basic financial statements, the Town adopted GASB Statement No. 49 as of July 1, 2008.

In accordance with "Government Auditing Standards," we have also issued our report dated December 30, 2009 on our consideration of the Town of Glastonbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress for the pensions and other post-employment benefits are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information for the year ended June 30, 2008 was audited by other auditors whose report, dated December 11, 2008, expressed an unqualified opinion on such information to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 30, 2009

Town of Glastonbury, Connecticut Management's Discussion and Analysis June 30, 2009

This discussion and analysis of the Town of Glastonbury, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. It should be read in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis, the assets of the Town of Glastonbury exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$205.2 million. Of the Town's total net assets at June 30, 2009, \$37.3 million, or 18.2%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- ◆ On a government-wide basis, during the year, the Town's net assets increased by \$6.2 million or 3.1%, from \$199.0 million to \$205.2 million. Government-wide expenses were \$145.7 million, while revenues were \$151.9 million. The change in net assets is primarily attributable to increases in property taxes, and gain on sale of capital assets.
- ◆ At the close of the year, the Town of Glastonbury's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$20.7 million, a decrease of \$10.4 million from the prior fiscal year. Of the total \$20.7 million fund balance as of June 30, 2009, \$12.6 million is available for spending at the Town's discretion and represents the combined unreserved fund balance in the general fund, special revenue funds and capital projects funds. Unreserved fund balance in the general and special revenue funds total \$35.9 million, while unreserved fund deficit of the capital projects funds totals \$23.3 million. The deficit in the capital projects funds is primarily due to notes payable in accordance with the Clean Water Fund obligation to the State and timing differences in incurring obligations (encumbrances) in the Wastewater Treatment Plant Renovation Fund. Bond anticipation notes outstanding in the Land Acquisition Fund also contributed to the deficit fund balance. The Town plans to permanently finance the notes in the Land Acquisition fund and will permanently finance through loans with the State of Connecticut under the Clean Water Fund program upon completion of the Wastewater Treatment Plant renovations.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund alone was \$19.6 million, an increase of approximately \$.05 million from the prior fiscal year. Of that total fund balance, \$19.4 million is unreserved. The unreserved General Fund balance at year-end represents 14.5% of total General Fund expenditures and transfers out (\$133.66 million on a budget basis).
- ◆ The Town of Glastonbury's total bonded debt increased by \$1.0 million, or 1.1%, during the current fiscal year. The Town issued \$8.0 million in new bonds and retired \$6.9 million. In addition, the Town issued \$9.5 million in refunding bonds to refund \$9.6 million of outstanding bonds. The budgetary savings over the remaining life of the bonds refunded was \$0.8 million and the economic net present value savings was \$0.6 million. The refunding was structured for the majority of the savings to affect the first three budget years (2010-2012) in efforts to smooth out the Town's debt service payments over that period. Total outstanding bonded debt at June 30, 2009 is \$89.9 million.

- ◆ There was one major project approved at referendum that was in various stages of completion at June 30, 2009. This is the upgrade to the Wastewater Treatment Plant (WWTP) facility. The WWTP upgrade qualified for funding under the State of Connecticut Clean Water Fund program. Financing under this program provides for a 30% grant and a 70% loan borrowed at a 2% interest rate. Current authorized and unissued debt totals \$11.0 million, \$6.3 million of which is for the WWTP. It is anticipated that funding for the WWTP upgrade will have a minimal impact on the general taxpayer due to grants and loans with the State, use of accumulated reserves and payments direct from sewer users. It is anticipated that the financial impact of this project will occur in fiscal 2011.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Glastonbury's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with fiscal year 2000 and running through the current year.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net assets presents information on all of Glastonbury's assets and liabilities, with the difference reported as net assets. One can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health or financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town of Glastonbury.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, for example uncollected taxes and earned but unused vacation leave.

Activities of the Town of Glastonbury encompass the Town's basic services and include governmental and community services, administration, public safety, health and welfare, sewage treatment operations and education. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 15-16.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town of Glastonbury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Glastonbury has two kinds of 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 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, the 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 Glastonbury maintains 37 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, Capital and Nonrecurring Expenditures Fund (Capital Reserve Fund), Special Assessment Fund, Sewer Operating Fund, Land Acquisition Fund and the Wastewater Plant Renovation, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as other nonmajor governmental funds. Nonmajor governmental funds for the Town of Glastonbury which are classified as special revenue funds include Dog Fund, Grants and Contracts, Police Forfeited Property, Police Private Duty, Special Gifts/Grants, Camp Sunrise, Recreation Activities, Historic Documents/Preservation, School Cafeteria, Special Education, various library trust funds, Connecticut and OPEB Reserve. Nonmajor funds which are classified as capital projects funds are Capital Reserve Projects, Town Aid, Sewer Sinking Projects, Riverfront Community Center, Middle School Projects, New Elementary School, GHS Renovation, Phelps Street Property, Gateway Project, Public Safety Communications, Riverfront Park and the Magnet School. Individual fund data for each of these nonmajor governmental funds is provided in the combining balance sheet and in the combining statement of revenues, expenditures and changes in fund balances (deficits).

The Town of Glastonbury adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures and changes in budgetary fund balance on a budgetary basis can be found on page 25.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances (deficits)) can be found on pages 18-23.

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 provide services to the Town's constituency. The Town has one pension trust fund, one other post employment benefit trust fund and two agency funds. The basic fiduciary fund financial statements can be found on pages 26-27.

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 28-58 of this report.

Certain required supplementary information is reported concerning the Town of Glastonbury's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. This information can be found within the Schedule of Funding Progress on page 59 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of Glastonbury governmental activities assets exceeded liabilities by \$205.2 million on June 30, 2009.

Town of Glastonbury			
Net Assets			
June 30, 2009 and 2008			
(In 000's)			
		<u>Governmental Activities</u>	
		<u>2009</u>	<u>2008</u>
Current and other assets	\$	52,925	\$ 54,535
Capital assets		279,109	258,928
Total Assets		332,034	313,463
Long-term liabilities outstanding		97,408	94,103
Other liabilities		29,402	20,365
Total Liabilities		126,810	114,468
Net assets:			
Invested in capital assets, net of related debt		167,910	159,397
Unrestricted		37,314	39,598
Total Net Assets		\$ 205,224	\$ 198,995

By far the largest portion of the Town of Glastonbury's net assets (81.8%) reflects its investment in capital assets (such as land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of

Glastonbury's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Glastonbury
Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(In 000's)**

	Governmental Activities	
	2009	2008
Revenues:		
Program Revenues:		
Charges for services	\$ 9,578	\$ 9,965
Operating grants and contributions	17,695	40,674
Capital grants and contributions	5,373	5,992
General Revenues:		
Property taxes	115,906	111,316
Grants and contributions not restricted to specific programs	380	219
Gain on sale of capital assets	1,672	-
Investment income and other	1,277	2,732
Total revenues	151,881	170,898
Expenses:		
General government services	3,407	2,505
Community development	1,878	1,821
Administrative services	5,720	5,110
Public safety	10,530	10,089
Physical services	10,220	11,207
Sanitation	3,871	2,453
Human services	2,782	2,611
Leisure/culture	6,073	5,860
Education	97,416	113,372
Interest on long-term debt	3,755	3,925
Total expenses	145,652	158,953
Change in net assets	6,229	11,945
Net Assets, beginning	198,995	187,050
Net Assets, ending	\$ 205,224	\$ 198,995

Glastonbury's net assets increased \$6.2 million during the fiscal year. This increase reflects a continuing increase in property tax revenues that when combined with other revenues exceed operating costs and capital expenditures.

Governmental Activities

Approximately 76.3% of the revenues were derived from property taxes, followed by 11.7% from operating grants and contributions, 6.3% from charges for services and 3.5% from capital grants and contributions. The remaining 2.2% of revenues was derived from investment earnings, gain on sale of capital assets, and other grants that were not restricted for specific purposes.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2009 totaled \$115.9 million, an increase of 4.1% over 2008. Due to the State mandated property revaluation effective with the 2008/09 budget, it is difficult to determine the actual tax increase as the mill rate was actually reduced from 35.8% to 28.35%. This was the effect of the increase in property values. It was estimated that for the average taxpayer the tax increase was 4.7%. This was offset slightly by a corresponding reduction for commercial and personal property taxes.
- ◆ Investment income decreased by \$1.5 million or 53.3% due to the dramatic decline in interest rates throughout the year.
- ◆ Operating grants and contributions decreased \$23.0 million or 56.5%. This is primarily attributable to the on-behalf payments by the State of Connecticut to the teachers' retirement fund which increased \$24.2 million in the previous year as a one-time contribution on behalf of municipalities to the State Teachers Retirement Fund.

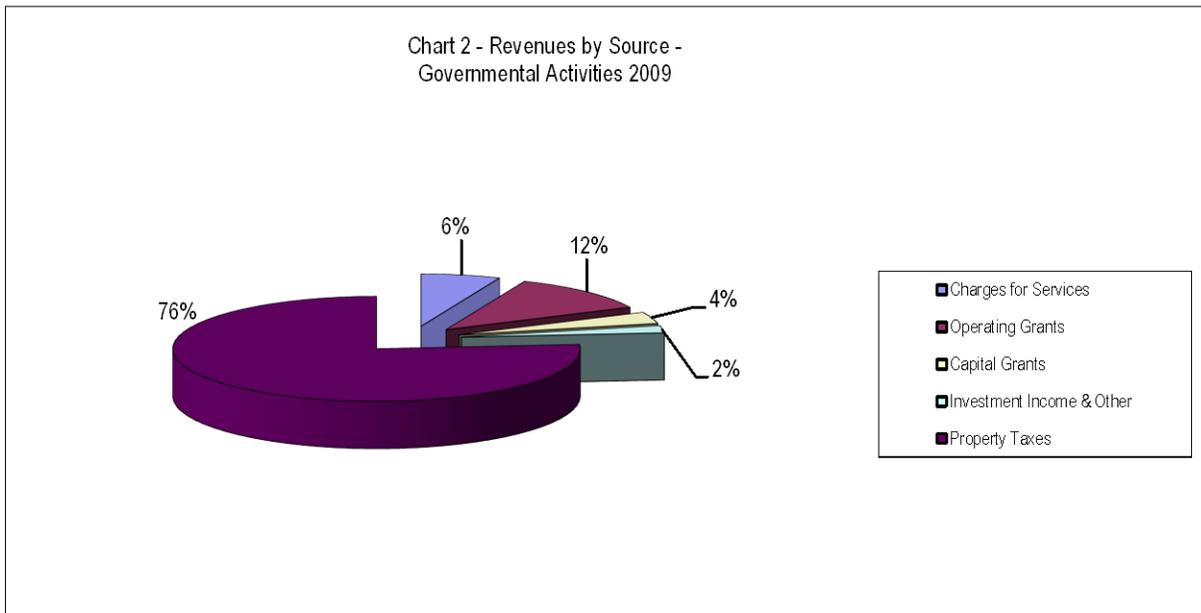
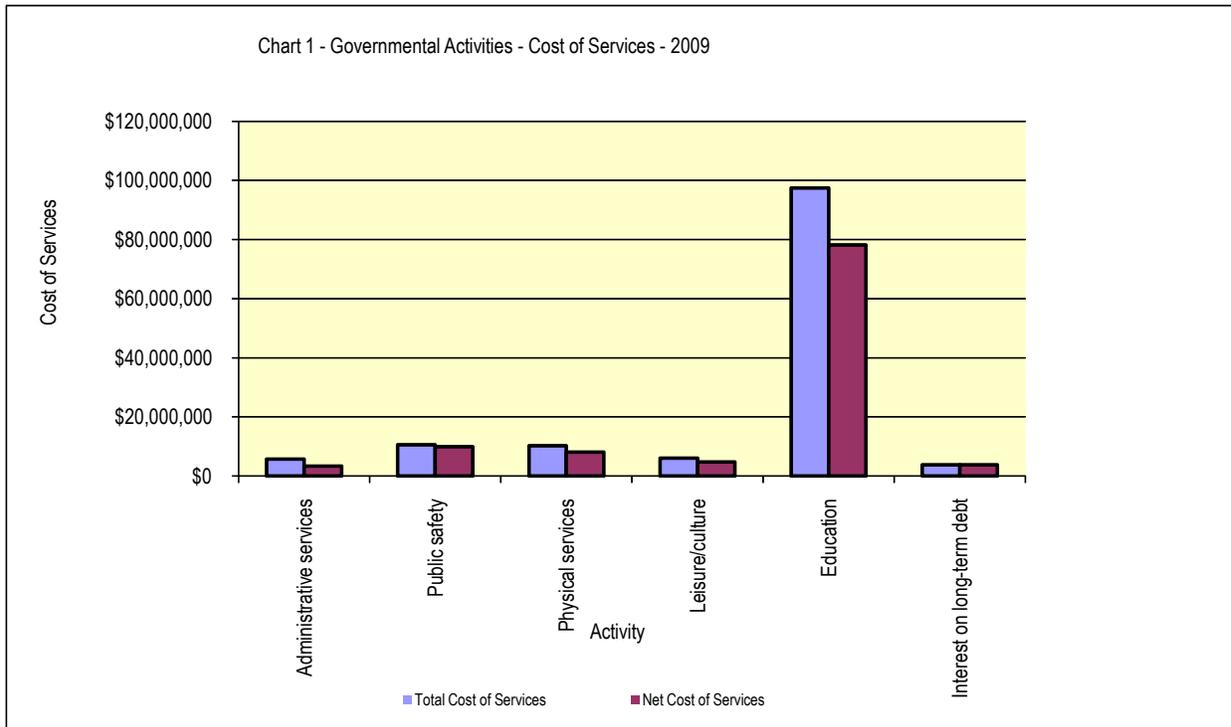
For governmental activities, 66.9% of the Town's expenses related to education. Public safety accounted for 7.2%, physical services and sanitation accounted for 9.7%, human services, parks and recreation, and library services accounted for 6.1% of expenses. The remaining 10.1% relates to general government, community development, administrative services and interest on long-term debt.

Total expenses for the Town decreased 8.4%. Education expenses decreased 14.1%, Town operating expenses increased 6.8%, and interest on long-term debt increased 4.3%.

Major expense factors include:

- ◆ Compared to the previous year, increases in the Town's operating costs were due primarily to general cost of living increases in wages; increases in health-care costs; a significant increase in employer pension costs, increased costs for snow and ice removal materials, increase in utility costs and increased purchases of capital outlay. These increases were partially offset through significant savings in wages realized through unfilled vacancies and lower than anticipated workers' compensation premiums.
- ◆ The cost of education services decrease is primarily due to the significant decrease in the on-behalf payments by the State for the teachers' retirement fund.

The following charts show the cost of providing services by governmental activity and revenues by source:



Financial Analysis of the Government's Funds

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

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

As of June 30, 2009, the Town of Glastonbury's governmental funds reported combined ending fund balances of \$20.7 million, a decrease of \$10.4 million over the previous year. Approximately \$8.1 million of this total is reserved which indicates that it is not available for new spending because it has already been committed, primarily to liquidate contracts and purchase orders. Approximately \$12.6 million constitutes unreserved fund balance. Unreserved fund balance of the general and special revenue funds total \$19.4 million and \$16.5 million, respectively, while unreserved fund deficit of the capital projects funds totals \$23.3 million. The deficit in the capital projects funds is primarily due to encumbrances in the Wastewater Plant Renovations Fund, loan advances with the Clean Water Fund program for the Plant upgrade and bond anticipation notes outstanding in the Land Acquisition fund. The Town's citizens have authorized the issuance of long-term debt to finance these construction projects, and the Town will issue bonds as the money is expected to be expended or, as is the case with the Wastewater Plant Renovation Fund, finance the project expenditures primarily with a grant/loan agreement with the State of Connecticut. Currently, cash draw downs from the grant/loan are requested as the costs are incurred.

General Fund

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$19.4 million while total fund balance reached \$19.6 million.

As stated earlier, the fund balance of the Town's General Fund increased by \$55.5 thousand during the current fiscal year, however it should be noted that the Town had appropriated \$2.5 million from the undesignated unreserved fund balance towards the budget to mitigate increases in the mill rate. The fact the Town ended the year with a \$55.5 thousand surplus indicates the amount appropriated on a budget basis from reserves was not needed to balance the budget. Key factors contributing to surplus revenues and expenditure savings are highlighted as follows:

- ◆ Tax revenues exceeded budget estimates by approximately \$.5 million. This surplus is due to the collection rate and the successful efforts of the Town to collect on delinquent taxes. The Town anticipated a 99% collection rate on current tax revenues when it adopted the budget. The actual collection rate was 99.13%. In addition, collections on delinquent taxes, including the 60 day adjustment accrual, exceeded budget estimates by approximately \$.3 million.
- ◆ Intergovernmental revenues exceeded budget estimates by approximately \$.2 million. While there were slight increases and decreases in most state grants, the most significant variance occurred in school construction grant revenues that exceeded budget estimates by \$.2 million. This variance is due primarily to a recalculation by the state as a result of a previous bond refunding on certain school construction projects.

- ◆ In spite of the declining interest rate environment investment earnings exceeded projections by \$.04 million. While rates steadily and drastically declined throughout the year, the Town took the opportunity early in the year to lock in favorable interest rates for investments for longer terms. In addition, the Town implemented a program to invest in certificates of deposit in out of state banks, up to the FDIC limits, to maximize investment income. This has proven to be a very successful approach to obtain higher interest rates on Town funds. It is important to note that this interest rate trend is expected to continue and while rates are expected to remain low for an extended period of time, significant surpluses in this category are not anticipated in the following year.
- ◆ The most significant factor contributing to the 2008/2009 surplus is the sale by the Town of approximately 13 acres of industrial land in the Town's Corporate Gateway Office Park in the amount of \$1.8 million. This was an unanticipated revenue (other financing source) at the time the budget was adopted and represents the sale of land the Town had acquired previously through foreclosure action. It is expected that once this land is developed, it will generate tax revenue for the Town.
- ◆ Due to vacancies in various positions the following surpluses in wage and related employee benefit accounts were generated throughout Town departments: Financial Administration - \$.1 million; Property Assessment - \$35,000; Police - \$.1 million; and Youth and Family Services - \$.1 million.
- ◆ The Town's central insurance account realized a savings of \$.2 million due primarily to savings in workers' compensation, the Town's casualty insurance program costs, and reallocation of billing to the Housing Authority of its respective employee health insurances.
- ◆ The Fire Department realized a savings in the amount of \$.1 million due to unexpended funds budgeted for utilities and vehicle maintenance and certain capital outlay items.
- ◆ Due primarily to the delay in the purchase of various vehicles, equipment and savings in contractual services, the following departments realized significant surpluses: Refuse Disposal - \$.1 million; and Fleet Maintenance - \$.2 million. Most of these purchases will be made in the following year.
- ◆ The Town returned \$59,485 of budgeted Contingency funds.

At the close of the year, the Town's other governmental funds reported, on a current financial resource basis, combined ending fund balances of \$1.1 million, a decrease of approximately \$10.4 million from the prior fiscal year. This decrease is largely the result of the timing of cash flow and is primarily a result of the deficit fund balance in the Waste Water Treatment Plant Upgrade fund. The deficit in this fund is due to the loan advances from the State for this project. Changes in the Town's other major funds are highlighted as follows:

Capital and Nonrecurring Fund

The net change in fund balance for this fund was an increase of \$1.2 million from the previous year resulting in a year end fund balance of \$1.1 million. This increase is due to the receipt of grants for expenditures of certain capital projects that occurred in a previous fiscal year.

Wastewater Plant Renovation Fund

Construction began on this project in late 2007. This project is funded through the grant/loan program with the State Department of Environmental Protection Clean Water Fund (CWF). This agreement was executed in June 2008. At June 30, 2009 expenditures for this project totaled \$20.8 million of which \$4.6 million was funded with the grant and the balance with a 2% loan.

Sewer Operating Fund

There was an increase in the Sewer Operating fund balance of \$.41 million as a result of operations.

Land Acquisition Fund

The Land Acquisition Fund is pending the issuance of bonds in the amount of \$3.8 million to permanently finance outstanding bond anticipation notes.

General Fund Budgetary Highlights

The difference between the original budget and the final amended expenditure budget was \$3.2 million. The original budget was amended by actions recommended by the Board of Finance and approved by the Town Council following public hearings. The major additional appropriations approved during the year are summarized below:

- ◆ Increased education appropriations by \$1.7 million to reflect the receipt of special education excess costs, transportation and energy grants from the State of Connecticut Department of Education and community use custodial fee reimbursements.
- ◆ Encumbrances and other commitments from the prior fiscal year were carried over in the amount of \$.2 million.
- ◆ Unexpended capital and contract appropriations from the prior fiscal year were carried forward in the amount of \$.1 million.
- ◆ Appropriated and transferred the following for capital purposes: \$.1 million Magnet School Feasibility Study; \$.3 million for a land purchase; \$.3 million to close out the Middle School Project fund; and \$.3 million for the Town's five percent share of the Magnet School appropriation
- ◆ Appropriated a transfer of \$5,691 from the Sewer Sinking fund for sewer laterals.
- ◆ Appropriated a Human Services grant in the amount of \$8,450.

During the year, actual revenues on a budgetary basis were \$132.0 million which exceeded budgetary estimates by \$2.3 million. Significant contributions to this increase were revenues that exceeded budget estimates from the following sources: Property tax revenue in the amount of \$.5 million; state grants in the amount of \$.2 million; investment income in the amount of \$42,000; and, sale of town owned land in the amount of \$1.8 million. Town operations returned to fund balance the full \$2.5 million appropriated to the 2008/09 budget.

Actual expenditures and transfers out on a budgetary basis totaled \$133.6 million, which is \$1.7 million less than the budget of \$135.3 million. In accordance with the Town Charter, the fiscal year 2009 budget included a planned draw down of fund balance of \$2.5 million. However, with the receipt of unbudgeted revenues, specifically in education grants, investment income, sale of town owned land and positive expenditure variances, specifically in General Government, Administrative Services, Public Safety, Physical Services, Sanitation, Human Services, Leisure and Culture and Debt Service the Town ended the year with a net increase in fund balance of \$55,500.

Capital Asset and Debt Administration

Capital Assets. The Town of Glastonbury’s investment in capital assets for its governmental activities as of June 30, 2009, amounted to \$415.5 million on a gross basis and \$279.1 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads, sewers and bridges. The net increase in the Town of Glastonbury’s investment in capital assets before depreciation for the fiscal year was \$28.2 million.

**Town of Glastonbury
Capital Assets
June 30, 2009 and 2008**

	Governmental Activities	
	2009	2008
Land	\$ 38,481,938	\$ 29,883,829
Development rights	2,231,097	727,159
Construction in progress	31,076,361	98,957,599
Land improvements	17,930,180	5,128,125
Building and improvements	165,747,452	104,508,480
Machinery and equipment	29,071,854	19,958,021
Infrastructure	130,957,045	128,180,482
Total	\$ 415,495,927	\$ 387,343,695

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

- ◆ The most significant capital purchases by the Town during the fiscal year, included purchase of \$8.6 million of land and development rights through the Town’s Land Acquisition program. Significant purchases included Arbor Acres and the Saglio Winters properties purchased for open space and recreation purposes; property on Welles Street adjacent to the current Riverfront Park to provide opportunities for future park development; development rights on Hopewell and Chestnut Streets; and finally, the purchase of property on Oak Street for the future home of the East Hartford/Glastonbury Magnet School.
- ◆ The Town did sell 2 parcels of land in the Gateway Corporate Park in the amount of approximately \$1.7 million. This property was previously acquired by the Town through foreclosure due to non payment of taxes.

- ◆ Four major projects were capitalized at June 30, 2009 that were previously accounted for in Construction in Progress. These included renovations to the Glastonbury High School in the amount of \$49.7 million, including technology improvements; construction of the new elementary school (Nayaug Elementary) in the amount of \$27.3 million; upgrade to the public safety communications system in the amount of \$2.9 million; and reconstruction of Main Street in the amount of \$1.9 million.
- ◆ Increases in Construction in Progress represent projects that have been started and are at various stages of completion at June 30, 2009. Major projects in this category include renovations to the Academy Building for Town operations and reconstruction of Bell Street Bridge, which is funded primarily through state grants. However, the most significant project under construction at June 30, 2009 includes the improvements and upgrades to the Town's waste water treatment plant. This project is anticipated to be funded through a 70% loan at 2% and 30% grant with the State of Connecticut in accordance with the Clean Water Fund program. At June 30, 2009 expenditures for this project totaled \$20.8 million.
- ◆ Other major capital items included the purchase of fire apparatus in the amount of \$.4 million; Town Hall building roof replacement in the amount of \$.6 million; replacement of gym floor and bleachers at the high school in the amount of \$.4 million; infrastructure improvements in the amount of \$2.8 million and various purchases of machinery and equipment, including vehicles.

Additional information on the Town of Glastonbury's capital assets can be found at footnote 6 of this report. Capital project expenditures can be found on pages 100-103.

Long-Term Debt. At the end of the current fiscal year, the Town of Glastonbury had total bonded debt outstanding of \$89.9 million. 100% of this debt is backed by the full faith and credit of the Town government. The Town of Glastonbury maintains an AAA rating from Standard and Poor and an Aa1 rating from Moody's Investors Service.

The overall statutory debt limit for the Town of Glastonbury is equal to seven times annual receipts from taxation or \$807 million. As of June 30, 2009, the Town recorded long-term debt of \$89.9 million, well below its statutory debt limits.

Additional information on the Town of Glastonbury's long-term debt can be found in Note 8 of this report.

Economic Factors

The Town of Glastonbury is well positioned to handle various economic conditions. Glastonbury receives a relatively small amount of State aid and, therefore, is more insulated from the impact of State revenue shortfalls than many other cities and towns in Connecticut. With an overwhelming reliance on property taxes, Glastonbury's income stream is rather stable, even during difficult economic conditions.

Requests for Information

The financial report is designed to provide a general overview of the Town of Glastonbury'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 Director of Finance and Administrative Services at 2155 Main Street, Glastonbury, CT 06033.

Basic Financial Statements

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TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government <hr/> Governmental Activities <hr/>
Assets	
Current assets:	
Cash and cash equivalents	\$ 26,759,292
Receivables, net of allowance for collection losses:	
Property taxes	604,803
Special assessments	729,513
Accounts receivable	579,733
Federal and state governments	254,381
Inventory	200,285
Investments	20,898,072
Deferred charges	741,330
Pension asset	151,159
Federal and state governments	1,984,631
Other assets	22,213
Noncurrent assets:	
Capital assets not being depreciated	71,789,396
Capital assets being depreciated, net of accumulated depreciation	207,319,237
Total assets	<hr/> 332,034,045 <hr/>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	4,430,705
Due to developers for escrow deposits	1,285,931
Due to others for escrow deposits	1,101,922
Bond anticipation notes payable	5,100,000
Notes payable	15,998,259
Unearned revenue	882,284
Accrued interest payable	603,486
Noncurrent liabilities:	
Due within one year	7,440,260
Due in more than one year	89,967,661
Total liabilities	<hr/> 126,810,508 <hr/>
Net Assets	
Investment in capital assets, net of related debt	167,909,894
Unrestricted	37,313,643
Total net assets	<hr/> \$ 205,223,537 <hr/>

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

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Primary Government Total
Primary government:					
Governmental activities:					
General government services	\$ 3,407,468	\$ -	\$ -	\$ -	\$ (3,407,468)
Community development	1,878,328	734,501	202,253	-	(941,574)
Administrative services	5,720,224	2,142,999	230,934	-	(3,346,291)
Public safety	10,529,537	574,486	68,454	900	(9,885,697)
Physical services	10,220,379	139,243	-	1,998,815	(8,082,321)
Sanitation	3,871,059	2,406,040	2,329	2,962,239	1,499,549
Human services	2,781,794	170,246	480,197	-	(2,131,351)
Leisure/culture	6,073,062	1,278,173	52,873	-	(4,742,016)
Education	97,415,606	2,131,968	16,657,948	411,520	(78,214,170)
Interest on long-term debt	3,755,506	-	-	-	(3,755,506)
Total primary government	\$ 145,652,963	\$ 9,577,656	\$ 17,694,988	\$ 5,373,474	(113,006,845)
General revenues:					
					\$ 115,906,389
					379,688
					1,672,339
					1,276,871
					<u>119,235,287</u>
					6,228,442
					198,995,095
					<u>\$ 205,223,537</u>

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

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TOWN OF GLASTONBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Capital and Nonrecurring Expenditures Fund	Special Assessment Fund	Sewer Operating Fund
Assets				
Cash and cash equivalents	\$ 12,081,592	\$ 2,300,519	\$ 6,890,088	\$ 335,821
Receivables (net of allowances for collection losses):				
Property taxes	604,803	-	-	-
Assessments and user charges	-	-	626,486	56,027
Intergovernmental	-	-	-	-
Other	497,215	423	-	4,810
Inventory	168,163	-	-	-
Investments	9,888,725	1,882,963	5,639,504	274,868
Due from other funds	2,800,000	21,011	-	-
Other assets	22,213	-	-	-
Total assets	\$ 26,062,711	\$ 4,204,916	\$ 13,156,078	\$ 671,526
Liabilities				
Accounts payable and other payables	\$ 2,741,213	\$ -	\$ -	\$ -
Bond anticipation notes payable	-	-	-	-
Notes payable	-	-	-	-
Due to other funds	-	3,066,636	87,500	-
Due to developers for escrow deposits	1,285,931	-	-	-
Due to others for escrow deposits	1,088,445	-	13,477	-
Unearned revenue	789,161	-	-	617
Deferred revenues	532,324	-	619,299	48,409
Total liabilities	6,437,074	3,066,636	720,276	49,026
Fund balances (deficits)				
Reserved for:				
Encumbrances	106,365	-	-	-
Inventory	168,163	-	-	-
Unreserved, reported in:				
General fund	19,351,109	-	-	-
Special revenue funds	-	1,138,280	12,435,802	622,500
Capital projects funds	-	-	-	-
Total fund balances (deficits)	19,625,637	1,138,280	12,435,802	622,500
Total liabilities and fund balances (deficits)	\$ 26,062,711	\$ 4,204,916	\$ 13,156,078	\$ 671,526

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

Land Acquisition Fund	Wastewater Plant Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 114,286	\$ 2,254,777	\$ 2,782,209	\$ 26,759,292
-	-	-	604,803
-	-	-	682,513
-	902,952	99,524	1,002,476
-	-	77,285	579,733
-	-	32,122	200,285
93,542	1,845,526	1,272,944	20,898,072
-	-	3,154,136	5,975,147
-	-	-	22,213
<u>\$ 207,828</u>	<u>\$ 5,003,255</u>	<u>\$ 7,418,220</u>	<u>\$ 56,724,534</u>

\$ 33,631	\$ 923,941	\$ 731,920	\$ 4,430,705
3,875,000	-	1,225,000	5,100,000
-	15,998,259	-	15,998,259
-	-	2,821,011	5,975,147
-	-	-	1,285,931
-	-	-	1,101,922
-	-	92,506	882,284
-	-	62,516	1,262,548
<u>3,908,631</u>	<u>16,922,200</u>	<u>4,932,953</u>	<u>36,036,796</u>

-	7,288,521	498,840	7,893,726
-	-	32,122	200,285
-	-	-	19,351,109
-	-	2,329,917	16,526,499
<u>(3,700,803)</u>	<u>(19,207,466)</u>	<u>(375,612)</u>	<u>(23,283,881)</u>
<u>(3,700,803)</u>	<u>(11,918,945)</u>	<u>2,485,267</u>	<u>20,687,738</u>

<u>\$ 207,828</u>	<u>\$ 5,003,255</u>	<u>\$ 7,418,220</u>	<u>\$ 56,724,534</u>
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TOWN OF GLASTONBURY, CONNECTICUT

RECONCILIATION OF FUND BALANCE (DEFICITS) TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2009

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

Amounts reported for governmental activities in the statement of net assets are different because of the following:

Total fund balance (Page 19)		\$ 20,687,738
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 415,495,927	
Less accumulated depreciation	<u>(136,387,294)</u>	
Net capital assets		279,108,633
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Deferred charges on the issuance of bonds	741,330	
Property tax and assessment receivables greater than 60 days	1,262,548	
Interest receivable on sewer assessments	47,000	
Pension asset	151,159	
Receivable from the state for school construction projects	<u>1,236,536</u>	
		3,438,573
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable	(90,100,480)	
Bond premium, net of amortization	(1,301,222)	
Deferred loss, net of amortization	383,489	
Interest payable on bonds	(603,486)	
Compensated absences	(4,514,031)	
Retainage	(1,243,137)	
Environmental cleanup obligation	(250,000)	
OPEB liability	<u>(382,540)</u>	
		<u>(98,011,407)</u>
Net Assets of Governmental Activities (Page 16)		\$ <u>205,223,537</u>

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

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TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	General Fund	Capital and Nonrecurring Expenditures Fund	Special Assessment Fund
Revenues:			
Property taxes	\$ 115,600,163	\$ -	\$ 322,921
Licenses and permits	888,429	-	-
Intergovernmental	9,546,377	55,548	-
Charges for services	1,491,865	-	-
Investment income	841,580	69,397	228,037
Other revenues	1,827,368	21,258	-
State payment for teacher's retirement system	6,321,000	-	-
Total revenues	136,516,782	146,203	550,958
Expenditures:			
Current:			
General government	2,551,501	-	-
Community development	1,863,995	-	-
Administrative services	5,266,616	-	-
Public safety	9,545,421	-	-
Physical services	5,889,862	-	-
Sanitation	2,401,026	-	-
Human services	2,452,058	-	-
Leisure/culture	4,679,520	-	-
Education	83,715,229	-	-
State payment for teacher's retirement system	6,321,000	-	-
Debt service	10,881,655	-	-
Capital outlay	-	-	-
Total expenditures	135,567,883	-	-
Excess (Deficiency) of Revenues over Expenditures	948,899	146,203	550,958
Other Financing Sources (Uses):			
Disposition of capital assets	1,846,940	-	-
Issuance of bonds	-	-	-
Issuance of loans	-	-	-
Issuance of refunding bonds	9,505,000	-	-
Premium on refunding	578,154	-	-
Payment to escrow agent	(9,941,099)	-	-
Transfers in	1,668,168	5,208,661	8,020
Transfers out	(4,550,545)	(4,117,714)	(70,386)
Total other financing sources (uses)	(893,382)	1,090,947	(62,366)
Net Change in Fund Balances (Deficits)	55,517	1,237,150	488,592
Fund Balances (Deficits) at Beginning of Year	19,570,120	(98,870)	11,947,210
Fund Balances (Deficits) at End of Year	\$ 19,625,637	\$ 1,138,280	\$ 12,435,802

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

Sewer Operating Fund	Land Acquisition Fund	Wastewater Plant Renovation	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 115,923,084
-	-	-	-	888,429
		2,962,239	4,519,599	17,083,763
2,035,202	-	-	3,160,193	6,687,260
18,378	1,845	73,356	44,278	1,276,871
34,933	46,789	-	286,706	2,217,054
-	-	-	-	6,321,000
<u>2,088,513</u>	<u>48,634</u>	<u>3,035,595</u>	<u>8,010,776</u>	<u>150,397,461</u>
-	-	-	-	2,551,501
-	-	-	-	1,863,995
11,656	-	-	422,182	5,700,454
-	-	-	385,169	9,930,590
-	-	-	-	5,889,862
-	-	-	-	2,401,026
-	-	-	124,188	2,576,246
-	-	-	887,714	5,567,234
-	-	-	3,957,517	87,672,746
-	-	-	-	6,321,000
-	-	-	-	10,881,655
-	8,163,903	12,058,421	9,268,588	29,490,912
<u>11,656</u>	<u>8,163,903</u>	<u>12,058,421</u>	<u>15,045,358</u>	<u>170,847,221</u>
<u>2,076,857</u>	<u>(8,115,269)</u>	<u>(9,022,826)</u>	<u>(7,034,582)</u>	<u>(20,449,760)</u>
-	-	-	-	1,846,940
-	7,000,000	-	1,000,000	8,000,000
-	110,480	-	-	110,480
-	-	-	-	9,505,000
-	-	-	-	578,154
-	-	-	-	(9,941,099)
-	275,000	-	5,402,954	12,562,803
(1,662,477)	-	-	(2,161,681)	(12,562,803)
<u>(1,662,477)</u>	<u>7,385,480</u>	<u>-</u>	<u>4,241,273</u>	<u>10,099,475</u>
414,380	(729,789)	(9,022,826)	(2,793,309)	(10,350,285)
<u>208,120</u>	<u>(2,971,014)</u>	<u>(2,896,119)</u>	<u>5,278,576</u>	<u>31,038,023</u>
<u>\$ 622,500</u>	<u>\$ (3,700,803)</u>	<u>\$ (11,918,945)</u>	<u>\$ 2,485,267</u>	<u>\$ 20,687,738</u>

TOWN OF GLASTONBURY, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

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

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

Net change in fund balances – total governmental funds (Page 23)	\$	(10,350,285)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	28,801,118	
Depreciation expense	(8,570,555)	
Loss on disposal	(49,994)	
	<u>20,180,569</u>	20,180,569

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

Property taxes collected after 60 days	(16,695)	
Interest income on sewer assessments	(10,000)	
Intergovernmental revenue on school bonds	(336,302)	
	<u>(362,997)</u>	(362,997)

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

Accrued interest	137,655	
Retainage	(1,243,137)	
Environmental cleanup obligation	(250,000)	
Change in long-term compensated absences	(287,137)	
OPEB liability	(328,540)	
	<u>(1,971,159)</u>	(1,971,159)

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.

Issuance of new debt	(17,615,480)	
Principal payments	16,535,000	
Issuance of bond premium	(578,154)	
Issuance of loss on refunding	366,099	
Amortization of bond premium	132,908	
Amortization of deferred loss	(36,610)	
Amortization of deferred charges	(67,804)	
Amortization of pension asset	(3,645)	
	<u>(1,267,686)</u>	(1,267,686)

Total	\$	<u><u>6,228,442</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 115,051,739	\$ 115,051,739	\$ 115,600,163	\$ 548,424
Licenses and permits	922,100	922,100	888,429	(33,671)
Intergovernmental	7,654,613	9,371,966	9,546,377	174,411
Charges for services	1,645,363	1,683,463	1,491,865	(191,598)
Investment income	800,000	800,000	841,580	41,580
Other revenue	1,961,301	1,961,301	3,674,308	1,713,007
Total revenues	128,035,116	129,790,569	132,042,722	2,252,153
Expenditures:				
Current:				
General government	2,714,273	2,742,088	2,551,501	190,587
Community development	1,854,468	1,884,219	1,863,995	20,224
Administrative services	5,638,549	5,577,717	5,266,616	311,101
Public safety	9,805,660	9,800,087	9,545,421	254,666
Physical services	5,800,908	6,125,908	5,889,862	236,046
Sanitation	2,449,743	2,532,124	2,401,026	131,098
Human services	2,498,268	2,590,778	2,452,058	138,720
Leisure/culture	4,818,915	4,888,720	4,679,520	209,200
Contingency	175,000	59,485	-	59,485
Education	81,977,373	83,724,376	83,715,229	9,147
Debt service	11,380,000	10,860,000	10,739,600	120,400
Total expenditures	129,113,157	130,785,502	129,104,828	1,680,674
Excess (deficiency) of revenues over expenditures	(1,078,041)	(994,933)	2,937,894	3,932,827
Other Financing Sources (Uses):				
Transfers in	4,113,041	4,113,041	1,668,168	(2,444,873)
Transfers out	(3,035,000)	(4,550,545)	(4,550,545)	-
Total other financing sources (uses)	1,078,041	(437,504)	(2,882,377)	(2,444,873)
Net Change in Fund Balance	\$ -	\$ (1,432,437)	55,517	\$ 1,487,954
Fund Balance at Beginning of Year			19,570,120	
Fund Balance at End of Year			\$ 19,625,637	

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

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2009

	Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 227,746	\$ 844,677
Investments:		
Real estate funds	2,898,879	-
Insurance Company pooled separate account	3,092,629	-
Collective trusts	58,596,706	-
Total investments	<u>64,588,214</u>	<u>-</u>
Total assets	<u>64,815,960</u>	<u>844,677</u>
LIABILITIES		
Due to student groups	-	825,611
Due to others	-	19,066
Total liabilities	<u>-</u>	<u>844,677</u>
NET ASSETS HELD IN TRUST	<u>\$ 64,815,960</u>	<u>\$ -</u>

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

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2009

	<u>Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 3,140,148
Employee	1,013,527
Total contributions	<u>4,153,675</u>
Investment Income (Loss):	
Net appreciation (depreciation) in fair value of investments	(16,561,847)
Interest and dividends	2,725,469
	<u>(13,836,378)</u>
Less investment expenses:	
Investment management fees	412,283
Net investment income (loss)	<u>(14,248,661)</u>
DEDUCTIONS	
Benefit payments	4,827,078
Administration fees	133,423
Total deductions	<u>4,960,501</u>
Changes in net assets	(15,055,487)
NET ASSETS	
Beginning of year	<u>79,871,447</u>
End of year	<u>\$ 64,815,960</u>

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

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 1. Summary of Significant Accounting Policies

Reporting entity

The Town of Glastonbury, Connecticut (the Town) was incorporated in 1693. The Town operates under the Town Manager/Town Council/Board of Finance form of government and provides the following services: General Government, Community Development, Administrative Services, Public Safety, Physical Services, Sanitation, Human Services, Leisure/Culture and Education. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

The following is a summary of the more significant accounting policies used by the Town.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Statement Codification Section 2100 have been considered, and there are no agencies or entities which should be presented with the Town.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets 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.

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

Separate financial statements are provided for governmental funds 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.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Measurement Focus, basis of accounting and financial statement presentation

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year an enforceable legal claim exists and when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, when levied for, intergovernmental revenue, when eligibility requirements are met, licenses, charges for services and interest associated with the current fiscal period, are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Town, or specifically identified.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other post-employment benefits, pollution remediation and claims and judgments, are recorded only when payment is due (matured).

The Town reports the following major governmental funds:

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

The *Capital and Nonrecurring Expenditures Fund* accounts for the funds set aside for future capital improvements. The funding is provided by the General Fund. On the approval of the annual capital improvement program, resources are transferred to the Capital Reserve Projects Fund, as required.

The *Special Assessment Fund - Sewer Sinking Fund* accounts for the financing of public improvements of services deemed to benefit the properties against which special assessments are levied.

The *Sewer Operating Fund* is used to account for collection of sewer use fees.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

The *Land Acquisition Fund* is used to account for various land acquisitions.

The *Wastewater Plant Renovation Fund* is used to account for costs associated with renovating and upgrading the wastewater treatment plant. Funding will be provided through state grants and loans, and sewer assessment and sewer use charges.

Additionally, the Town reports the following fiduciary fund types:

The *Pension Trust Fund* accounts for the accumulation of resources to be used for retirement benefits.

The *OPEB Trust Fund* accounts for the accumulation of resources to be used for other post-employment benefits.

Agency Funds account for monies held as a custodian for student groups and employees of the Town.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents

The Town considers all highly liquid investments and those with original maturities of three months or less when purchased to be cash equivalents.

Investments

Investments in real estate funds are stated at fair value using quoted market prices. Investments in collective trusts and the pooled separate account of the net assets are stated at fair value of the respective funds. Certificates of deposit are stated at cost which approximates fair value. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes

Property taxes are assessed as of October 1 and levied for on the following July 1. Taxes are overdue on August 1. Interest at the rate of 1-1/2% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. If real estate taxes are unpaid as of June 30 following the payable date, a lien is placed on the property.

Capital assets

Capital assets include land, land development rights, land improvements, buildings, equipment and infrastructure assets (such as roads, bridges and sidewalks) and are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000 for machinery and equipment, \$25,000 for land improvements, \$50,000 for buildings and \$250,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

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

Assets	Years
Land improvements	20
Buildings and improvements	50
Machinery and equipment	5-20
Infrastructure	20-40

In the governmental fund financial statements, capital outlay (assets) are reported as expenditures and no depreciation is recognized.

Compensated absences

Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Sick leave and vacation leave expenditures are recognized in the governmental fund financial statements in the current year to the extent they have matured (that is, only the amounts of reimbursable unused vacation leave or sick leave payable to employees who had terminated their employment as of the end of the fiscal year are recognized.)

Vacation and sick leave expenses to be paid in future periods are accrued when earned by employees in the government-wide financial statements.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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.

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

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Pension accounting

Pension trust fund

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, and the Town 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.

Governmental funds/activities

The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of GASB Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension asset is recorded as a non-current asset in the government-wide financial statements.

Funding policy

The Town funds the contributions to its pension plan based on the actuarial required valuations, at the Board's discretion.

OPEB accounting

OPEB trust fund

Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide the contributions.

Governmental funds/activities

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since 7/1/08, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

Funding policy

The Town makes annual contributions based on the actuaries' recommendation, at the Board's discretion.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Fund equity and net assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category includes all capital assets, including infrastructure, less accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

Unrestricted Net Assets - This category represents the net assets of the Town that are not restricted for any project or other purpose by third parties.

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

Reserved Fund Balance - indicates that portion of fund equity that is not available for appropriation.

Unreserved/Designated Fund Balance - indicates that portion of fund equity for which the Town has made tentative plans.

Undesignated and Unreserved Fund Balance or Deficits - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

Accounting 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2. Budgets and Budgetary Accounting

The Town establishes its General Fund budget in accordance with the provisions of its Charter and the Connecticut General Statutes. The budget is adopted in accordance with accounting principles generally

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

accepted in the United States of America, except that certain on-behalf payments are not recognized for budgetary purposes.

The budget reflected in the financial statements was adopted at the Final Budget Hearing. Supplemental appropriations require approval of the Council and Board of Finance in accordance with Charter provisions. Transfers and supplemental appropriations were approved during the year in accordance with the provisions of the Town's Charter and the Connecticut General Statutes.

Annual operating budgets are prepared and employed for management control only in the General Fund. Therefore, only the General Fund has a statement of revenues, expenditures and changes in fund balance - budget and actual included in the basic financial statements. Unexpended appropriations of the General Fund lapse at fiscal year-end. While project and object budgets are not legally adopted for the Capital Projects Funds and the Capital and Nonrecurring Expenditures Fund (a Special Revenue Fund), they are employed as a management tool and do not lapse at year-end.

Each year the Town adopts a five-year Capital Improvement Program. The program has two processes: a planning process and a budgetary process. Annually, the Town Council is provided with a five-year planning document which prioritizes the implementation of projects based on community needs. The Town Council evaluates the plan and establishes its priorities, as well as the years for project implementation. Thereafter, the Town Manager revises the plan to include the budgetary funding recommendations for the next fiscal year and forwards the document to the Board of Finance for its review as part of the annual budgetary process.

Expenditures may not legally exceed budgeted appropriations at the object level. Budget transfers within a department can be authorized by the Town Manager when the amount is less than \$5,000 within any department and does not include additional staffing or monies to acquire capital items deleted in prior budgets. Transfers greater than \$5,000 within departments must be approved by the Board of Finance. Other transfers between departments require Council and Board of Finance approval. However, such transfers may occur only after April 1 of the fiscal year. For the year ended June 30, 2009, supplemental appropriations in the amount of \$3,187,890 were approved by the Council and the Board of Finance.

A reconciliation of revenues of the General Fund presented in accordance with GAAP and revenues presented on the budgetary basis, is as follows:

Revenues, budgetary basis	\$ 132,042,722
On behalf payments, paid directly by the State of Connecticut Teachers' Retirement System, not recognized for budgetary purposes	6,321,000
Disposition of capital asset	<u>(1,846,940)</u>
Revenues, GAAP basis	<u>\$ 136,516,782</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

A reconciliation of expenditures of the General Fund presented in accordance with GAAP and expenditures presented on the budgetary basis, is as follows:

Expenditures, budgetary basis	\$ 129,104,828
Bond issue costs	142,055
On behalf payments, paid directly by the State of Connecticut Teachers' Retirement System, not recognized for budgetary purposes	<u>6,321,000</u>
Expenditures, GAAP Basis	<u><u>\$ 135,567,883</u></u>

Deficit fund equity

The following funds had a deficit fund balance at June 30, 2009:

Capital Projects

Land Acquisition	\$ 3,700,803
Wastewater Plant Renovation	\$ 11,918,945
Magnet School	\$ 2,434,690
New Elementary School	\$ 359,046
GHS Renovation	\$ 761,188
Public Safety Communications	\$ 24,078

Deficits in the Land Acquisition, Wastewater Plant Renovation, New Elementary School, GHS Renovation and Public Safety Communications Funds will be funded by additional permanent financing, grants, loans and donations. Deficits in the Magnet School Fund will be funded by the State school construction grant program.

Note 3. Cash, Cash Equivalents and Investments

Deposits - The Town has a policy that deposits may be maintained only in financial institutions which are approved by the Board of Finance and Town Council. Town policy follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based on the bank's risk-based capital ratio.

Investments - Town policy for eligible investments is governed by State of Connecticut statutes which, in general, allow the Town to invest in obligations of the United States or United States government-sponsored corporations, or in any state or other tax-exempt political subdivision under certain conditions.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Funds may also be deposited in the State Treasurer's Short-Term Investment Fund and MBIA CLASS. Trust funds may also be invested in corporate bonds and securities and commercial paper.

The Town's investment policy for its pension funds state the investments shall be allocated in a manner designed to provide a long-term investment return greater than the actuarial assumption, maximize investment return commensurate with appropriate levels of risk, and comply with the Employee Retirement Income Security Act of 1974 in investing the funds in a manner consistent with ERISA's fiduciary standards. The Town has targeted the following as part of its long-term asset allocation strategy:

Large capitalization U.S. equity	36%
Mid-capitalization U.S. equity	5%
Small capitalization U.S. equity	5%
International equity	14%
Real estate equity	5%
Fixed income	35%

Concentration of Credit Risk - This is the risk of loss due to the magnitude of a government's investment in a single issuer. The Town's policy is to diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities.

The Town may invest any portion of its portfolio in U.S. Treasury obligations, U.S. government agency securities and instrumentalities of government-sponsored corporations, or certificates of deposit with commercial banks or savings and loan associations. A maximum of 35% of the portfolio may be invested in repurchase agreements for overnight sweep only. Up to 50% of the portfolio may be invested in a cooperative liquid asset securities system. To further diversify by financial institution, no more than 33% of the total certificates of deposit may be invested with any one financial institution.

Deposit Custodial Credit Risk - This is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, \$13,179,964 of the Town's bank balance of \$44,384,127 was exposed to custodial credit risk as follows: \$13,179,964 was uninsured and uncollateralized.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Custodial Credit-Investments Risk - This is the risk that in the event of the failure of the counterparty (such as a broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Due to the types of investments owned by the Town and pension plans, the Town does not have custodial credit risk for investments.

Cash and investments of the Town consist of the following at June 30, 2009:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 46,158,105
State of Connecticut Short-Term Investment Fund	2,390,546
Municipal Backed Investment Fund	181,136
	<u>48,729,787</u>
Less: Certificates of deposit classified as investments	(20,898,072)
Total cash and cash equivalents	<u><u>\$ 27,831,715</u></u>
Investments	
Pension Trust Funds	
Real Estate funds	2,898,879
Insurance Company pooled separate account	3,092,629
Collective Trusts	58,596,706
Total investments	<u><u>\$ 64,588,214</u></u>

Interest Rate Risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy is to mitigate interest rate risk by structuring the Town's portfolio so that securities mature to meet the Town's cash requirements, thereby avoiding the need to sell securities on the open market prior to their maturity, and by investing primarily in shorter-term securities unless it is anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements.

Type of Investment	Fair Value	Investment Maturities (Years) <u>Less Than 1 Year</u>
Pooled Fixed Income	<u>\$ 2,571,682</u>	<u>\$ 2,571,682</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

The State of Connecticut Short-Term Investment Fund (STIF), the insurance company general and separate account funds, and the MBIA CLASS investments are 2a-7 like pools. The value of the position in the pools is the same as the value of the pool shares. Regulatory oversight for STIF is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board. Regulatory oversight for the MBIA CLASS investments is provided by an investment advisory council consisting of members appointed by municipalities.

Average Rating	Fair Value	Fitch	Standard & Poor's
State of CT STIF	\$ 2,390,546	-	AAAm
MBIA Class Plus	181,136	AAA	-

Note 4. Fund Receivables

Receivables at June 30, 2009, including the applicable allowances for collection losses, are as follows:

	General Fund	Capital and Nonrecurring Expenditures Fund	Special Assessment Fund	Sewer Operating Fund	Wastewater Plant Renovation Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 1,006,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,006,803
Assessments and use charges	-	-	696,486	97,648	-	-	794,134
Intergovernmental	-	-	-	-	902,952	99,524	1,002,476
Other receivables	497,215	423	-	4,810	-	77,285	579,733
Total gross receivables	1,504,018	423	696,486	102,458	902,952	176,809	3,383,146
Allowance for collection losses	402,000	-	70,000	41,621	-	-	513,621
Total governmental funds	\$ 1,102,018	\$ 423	\$ 626,486	\$ 60,837	\$ 902,952	\$ 176,809	\$ 2,869,525

The total uncollectible amounts that relate to the current year's revenues are as follows:

General Fund:	
Uncollectible related to property taxes	\$ 4,020
Special Assessment Fund	10,400
Sewer Operating Fund	41,621

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 5. Unearned Revenue/Deferred Revenue

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 224,373	\$ -
Other	307,951	-
Property taxes collected in advance	-	789,161
Special Assessment Fund:		
Delinquent assessments receivable	619,299	-
Sewer Operating Fund:		
Delinquent charges receivable	48,409	-
Sewer fees collected in advance	-	617
Nonmajor Funds:		
Various education grants	-	92,506
Extra Duty Services Receivable	62,516	-
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,262,548	\$ 882,284
	<hr/> <hr/>	<hr/> <hr/>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 29,883,829	\$ 8,622,710	\$ 24,601	\$ 38,481,938
Development rights	727,159	1,503,938	-	2,231,097
Construction in progress	98,957,599	19,071,066	86,952,304	31,076,361
Total capital assets, not being depreciated	<u>129,568,587</u>	<u>29,197,714</u>	<u>86,976,905</u>	<u>71,789,396</u>
Capital assets, being depreciated:				
Land improvements	5,128,125	12,802,055	-	17,930,180
Buildings and improvements	104,508,480	61,238,972	-	165,747,452
Machinery and equipment	19,958,021	9,762,719	648,886	29,071,854
Infrastructure	128,180,482	2,776,563	-	130,957,045
Total capital assets being depreciated	<u>257,775,108</u>	<u>86,580,309</u>	<u>648,886</u>	<u>343,706,531</u>
Less accumulated depreciation for:				
Land improvements	2,251,297	539,165	-	2,790,462
Buildings and improvements	33,355,585	2,644,818	-	36,000,403
Machinery and equipment	10,364,395	1,320,937	598,892	11,086,440
Infrastructure	82,444,354	4,065,635	-	86,509,989
Total accumulated depreciation	<u>128,415,631</u>	<u>8,570,555</u>	<u>598,892</u>	<u>136,387,294</u>
Total capital assets, being depreciated, net	<u>129,359,477</u>	<u>78,009,754</u>	<u>49,994</u>	<u>207,319,237</u>
Governmental activities capital assets, net	<u>\$ 258,928,064</u>	<u>\$ 107,207,468</u>	<u>\$ 87,026,899</u>	<u>\$ 279,108,633</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

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

Governmental activities:	
General government	\$ 48,250
Community development	9,655
Administrative services	13,540
Public safety	557,326
Physical services	4,319,411
Sanitation	223,171
Human services	199,859
Leisure culture	296,618
Education	2,902,725
	<hr/>
Total Depreciation Expense - Governmental Activities	\$ 8,570,555
	<hr/> <hr/>

Construction commitments

The Town has the following construction commitments as of June 30, 2009:

	Project Authorization	Expended to June 30, 2009	Encumbered at June 30, 2009
	<hr/>	<hr/>	<hr/>
Wastewater Plant Renovations	\$ 30,900,000	\$ 20,835,306	\$ 7,288,521
GHS Renovation	49,328,889	49,236,361	13,551
New Elementary School	28,750,000	27,342,420	51,725
Capital Reserve Fund:			
Academy Reuse Phase One	1,045,000	1,020,697	19,207
Bell Street Bridge	2,940,055	2,667,875	219,067
Addison Road Bridge	155,000	152,987	1,242
GHS Track/Football Field	1,616,432	1,481,882	64,736
Riverfront Park Extension	360,214	121,674	4,648
Sewer Sinking Fund:			
Parker Terrace Pump Station	104,695	67,195	-
	<hr/>	<hr/>	<hr/>
Total	\$ 115,200,285	\$ 102,926,397	\$ 7,662,697
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The commitments are being financed with capital reserve fund monies, general obligation bonds, private donations, and state and federal grants.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 7. Interfund Receivables, Payables and Transfers

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 2,800,000
Capital and Nonrecurring Expenditures	Nonmajor Governmental Funds	21,011
Nonmajor Governmental Funds	Capital and Nonrecurring Expenditures	3,066,636
	Special Assessment Fund	87,500
		<u>3,154,136</u>
		<u>\$ 5,975,147</u>

Interfund receivables and payables are primarily used to record amounts committed from the Capital and Nonrecurring and Special Assessment Funds to fund various capital projects and to record liabilities associated with deficits in the pooled cash account. The amount payable to the General Fund at year-end represents the amount necessary to purchase land for the Magnet School.

Interfund transfers during the year ended June 30, 2009 were as follows:

	Transfers Out					Total
	General Fund	Capital and Nonrecurring Expenditures Fund	Special Assessment Fund	Sewer Operating Fund	Nonmajor Funds	
Transfers in:						
General Fund	\$ -	\$ -	\$ 5,691	\$ 1,662,477	\$ -	\$ 1,668,168
Capital and Nonrecurring Fund	3,405,000	-	-	-	1,803,661	5,208,661
Special Assessment Fund	-	-	-	-	8,020	8,020
Land Acquisition Fund	275,000	-	-	-	-	275,000
Nonmajor and Other Funds	870,545	4,117,714	64,695	-	350,000	5,402,954
Total	<u>\$ 4,550,545</u>	<u>\$ 4,117,714</u>	<u>\$ 70,386</u>	<u>\$ 1,662,477</u>	<u>\$ 2,161,681</u>	<u>\$ 12,562,803</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Transfers are used to move resources from the Capital and Nonrecurring Expenditures Fund, Special Assessment Fund and Sewer Operating Fund to Capital Projects funds. As projects are closed, revenues in excess of expenditures are transferred back to the resource funds. The General Fund may also transfer amounts to the Capital and Nonrecurring Fund or directly to Capital Projects.

User fees for sewer operations are recorded in the Sewer Operating Fund. Transfers are made quarterly to reimburse the General Fund for sewer operating expenditures.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 8. Long-Term Liabilities

A summary of changes in long-term obligations during the year ended June 30, 2009 is as follows:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds/Notes									
Schools:									
School bonds	\$ 2,565,000	08/15/88	08/15/08	6.90-7.03%	\$ 128,250	\$ -	\$ 128,250	\$ -	\$ -
School bonds	12,000,000	04/01/99	08/01/18	4.1%-4.75%	6,950,000	-	6,300,000	650,000	650,000
School bonds	3,400,000	03/01/02	03/01/22	3.25-4.80%	2,260,000	-	1,930,000	330,000	165,000
School bonds	13,040,000	06/15/04	06/15/24	3.00-4.00%	10,420,000	-	655,000	9,765,000	655,000
Refunding bonds	18,211,695	12/15/04	08/01/18	3.00-5.00%	13,517,332	-	1,868,494	11,648,838	1,843,522
School bonds	13,340,000	05/15/05	05/15/25	3.10-4.25%	11,339,000	-	667,000	10,672,000	667,000
School bonds	16,480,000	05/15/06	05/15/26	4.00-5.00%	14,910,000	-	825,000	14,085,000	825,000
School bonds	7,850,000	05/15/07	05/15/27	5.25-4.00%	7,455,000	-	395,000	7,060,000	395,000
Premiums on refunding	-	-	-	-	641,982	450,960	101,415	991,527	-
Deferred loss on refunding	-	-	-	-	-	(327,677)	(28,556)	(299,121)	-
School bonds	1,000,000	04/15/09	04/15/29	2.00-4.50%	-	1,000,000	-	1,000,000	50,000
Refunding bonds	7,370,000	04/15/09	08/01/21	2.00-5.00%	-	7,370,000	-	7,370,000	82,000
Total Schools					67,621,564	8,493,283	12,841,603	63,273,244	5,332,522
General purpose:									
Improvement bonds	1,835,000	08/15/88	08/15/08	6.90-7.03%	71,750	-	71,750	-	-
Improvement bonds	2,100,000	12/15/98	02/15/18	4.125-4.70%	1,000,000	-	1,000,000	-	-
Improvement bonds	2,250,000	03/01/02	03/01/22	3.25-4.80%	1,590,000	-	1,370,000	220,000	110,000
Improvement bonds	6,960,000	06/15/04	06/15/24	3.00-4.00%	5,580,000	-	345,000	5,235,000	345,000
Refunding bonds	3,493,305	12/15/04	08/01/18	3.00-5.00%	2,687,668	-	301,506	2,386,162	296,478
Improvement bonds	5,160,000	05/15/05	05/15/25	3.10-4.25%	4,386,000	-	258,000	4,128,000	258,000
Improvement bonds	4,120,000	05/15/06	05/15/26	4.00-5.00%	3,630,000	-	250,000	3,380,000	250,000
Improvement bonds	3,270,000	05/15/07	05/15/27	4.00-5.25%	3,095,000	-	170,000	2,925,000	170,000
Premiums on refunding	-	-	-	-	213,994	127,194	31,493	309,695	-
Deferred loss on refunding	-	-	-	-	-	(92,422)	(8,054)	(84,368)	-
Improvement bonds	7,000,000	04/15/09	04/15/29	2.00-4.50%	-	7,000,000	-	7,000,000	350,000
Refunding bonds	2,135,000	04/15/09	08/01/21	2.00-5.00%	-	2,135,000	-	2,135,000	113,000
Total general purpose					22,254,412	9,169,772	3,789,695	27,634,489	1,892,478
Total General Obligation Bonds					89,875,976	17,663,055	16,631,298	90,907,733	7,225,000
Notes/Loans									
Land	110,480	05/27/09	05/01/13	0.00%	-	110,480	-	110,480	27,260
Total Notes/Loans					-	110,480	-	110,480	27,260
Total General Obligation Bonds and Notes/Loans					89,875,976	17,773,535	16,631,298	91,018,213	7,252,260
Other long-term liabilities:									
Compensated Absences					4,226,894	438,425	151,288	4,514,031	188,000
OPEB obligations					-	382,540	-	382,540	-
Retainage					-	1,243,137	-	1,243,137	-
Pollution remediation obligation					-	250,000	-	250,000	-
Total governmental activities					\$ 94,102,870	\$ 20,087,637	\$ 16,782,586	\$ 97,407,921	\$ 7,440,260

With the exception of the Clean Water Fund loan, all long-term liabilities are generally liquidated by the General Fund.

Clean Water Fund debt repayment will be through user fees, allocation of investment income from Sewer Sinking Fund and General Fund, as applicable.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 7,225,000	\$ 3,478,923	\$ 10,703,923
2011	6,945,000	3,292,369	10,237,369
2012	6,240,000	3,065,444	9,305,444
2013	6,475,000	2,831,506	9,306,506
2014	6,445,000	2,585,225	9,030,225
2015-2019	30,155,000	9,116,493	39,271,493
2020-2024	20,120,000	3,896,378	24,016,378
2025-2029	6,385,000	556,744	6,941,744
Total	<u>\$ 89,990,000</u>	<u>\$ 28,823,082</u>	<u>\$ 118,813,082</u>

Bond anticipation notes payable

Bond anticipation notes were issued in May 2008 to temporarily finance land acquisitions with the intent to permanently finance this purchase in April 2009 with general obligation bonds. Due to favorable short-term interest rates as well as low cash flow requirements, these notes were renewed in April 2009 along with borrowing additional funds. The new notes mature April 14, 2010 with an interest rate of 2.25%. These funds financed additional land acquisitions and construction costs for the GHS renovation and the new elementary school.

Bond anticipation note transactions for the year ended June 30, 2009 were as follows:

Outstanding, July 1, 2008	\$ 4,400,000
New borrowings	5,100,000
Repayments	<u>(4,400,000)</u>
Outstanding, June 30, 2009	<u>\$ 5,100,000</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Interim financing

The Town received interim financing from the State of Connecticut of \$15,998,259 for renovations on their wastewater plant. When the project is complete, the short-term interim financing will be restructured into long-term debt.

Bonds Authorized But Unissued

The following is a schedule of bonds authorized and unissued at June 30, 2009:

Description	Bonds Authorized and Unissued
Land/Open Space	\$ 1,100,000
Community Center	320,000
High School	768,083
New Elementary School	2,476,774
Wastewater Plant	6,312,316
Total	<u>\$ 10,977,173</u>

2009 General Obligation Bond – In-substance Defeasance

On April 15, 2009, the Town issued \$9,505,000 of general obligation bonds with interest rates ranging from 2.0% to 5.0% which was used to advance refund portions of the outstanding principal amounts of the following general obligation bonds of the Town.

<u>Issue</u>	
December 15, 1998	\$ 900,000
April 1, 1999, Series B	5,650,000
March 1, 2002	3,025,000
	<u>\$ 9,575,000</u>

Of the net proceeds of \$10,083,154 (after payment of \$142,055 in underwriters fees and other costs), \$9,941,099 was placed in an irrevocable trust fund under an Escrow Agreement dated April 2009 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America (“Government Obligations”). The Government

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$644,000, and a savings of approximately \$755,000 between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$9,941,000 million at June 30, 2009. The balance of the defeased bonds was approximately \$9,505,000 at June 30, 2009. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Debt limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 259,525,132	\$ 32,814,642	\$ 226,710,490
Schools	519,050,264	65,814,159	453,236,105
Sewers	432,541,886	22,310,575	410,231,311
Urban Renewal	374,869,635	-	374,869,635
Pension Deficit	346,033,509	-	346,033,509

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$807 million).

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. Additionally, school indebtedness is net of school building grants amounting to \$1,236,536 for completed projects.

School bond reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2009 was approximately \$336,000. Additional payments for principal and interest aggregating approximately \$1,236,000 are expected to be received through the bonds' maturity dates.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 9. Employee Retirement Plan

Pension trust fund

The Town of Glastonbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Both the employer and the employee are obligated to contribute to this plan. The PERS is a defined benefit pension plan and is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. Stand alone reports are not available.

Plan description

The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. Employees are eligible to participate in the Plan upon the completion of one year of continuous service. Connecticut General Statutes assign the authority to establish and amend the benefit provisions of the Plan to the Town. Under the Plan, all employees, except police, are partially vested after 5 years of service. All Plan members are 100% vested after 10 years of service. Plan members who retire at normal retirement age receive a retirement benefit. The benefit formula for most divisions is 1.75% of final earnings up to \$15,000 plus 2.25% of final earnings in excess of \$15,000 multiplied by credited service.

Plan membership consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries currently receiving benefits	234
Terminated employees entitled to benefits, but not yet receiving them	86
Current plan members	464
Inactive members	7
Disabled members	1
Total	<u><u>792</u></u>

Contributions

Participants are required to contribute 3.75% for all affiliated and unaffiliated Town employees, Housing Authority employees and Board of Education, 4% for dispatchers, and 5% for police officers of that portion of the participant's earnings received during each accounting year which is not in excess of the maximum amount of annual earnings subject to Social Security Tax, plus 6% (6.5% for police officers and 5% for wastewater treatment and building maintenance employees) of that portion of such earnings which are in excess of the maximum amount of annual earnings subject to Social Security Tax.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Administrative costs of the Plan are financed through investment earnings.

Funding policy

The employee contribution rate to the Plan varies by division. The Town is required to contribute the amount necessary to finance the benefits for its employees. Benefits are fixed by, and may be amended by, union negotiations.

Annual Pension Cost and Net Pension Obligation (Asset)

The Town's annual pension cost and net pension obligation (asset) to the Plan for the year ended June 30, 2009 were as follows:

Annual required contribution	\$ 2,371,688
Interest on net pension obligation	(12,771)
Adjustment to annual required contribution	16,416
Annual pension cost	<u>2,375,333</u>
Contributions made	<u>2,371,688</u>
Increase in net pension obligation	3,645
Net pension asset at beginning of year	<u>(154,804)</u>
 Net Pension Asset at End of Year	 <u><u>\$ (151,159)</u></u>

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2007	\$ 1,718,166	\$ 1,716,948	99.93%	\$ (158,114)
6/30/2008	1,864,718	1,861,408	99.82%	(154,804)
6/30/2009	2,375,333	2,371,688	99.85%	(151,159)

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

SCHEDULE OF PLAN NET ASSETS			
JUNE 30, 2009			
	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 227,746	\$ 227,746
Investments:			
Real estate funds	2,898,879	-	2,898,879
Insurance Company pooled separate account	3,092,629	-	3,092,629
Collective trusts	58,596,706	-	58,596,706
Total investments	64,588,214	-	64,588,214
Total assets	\$ 64,588,214	\$ 227,746	\$ 64,815,960
SCHEDULE OF CHANGES IN PLAN NET ASSETS			
JUNE 30, 2009			
	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 2,371,688	\$ 768,460	3,140,148
Employee	1,013,527	-	1,013,527
Total contributions	3,385,215	768,460	4,153,675
Investment Income (Loss):			
Net appreciation (depreciation) in fair value of investments	(16,561,847)	-	(16,561,847)
Interest and dividends	2,724,383	1,086	2,725,469
	(13,837,464)	1,086	(13,836,378)
Less investment expenses:			
Investment management fees	412,283	-	412,283
Net investment income (loss)	(14,249,747)	1,086	(14,248,661)
DEDUCTIONS			
Benefit payments	4,285,278	541,800	4,827,078
Administration fees	133,423	-	133,423
Total deductions	4,418,701	541,800	4,960,501
Changes in net assets	(15,283,233)	227,746	(15,055,487)
NET ASSETS			
Beginning of year	79,871,447	-	79,871,447
End of year	\$ 64,588,214	\$ 227,746	\$ 64,815,960

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2008	\$ 2,371,688	100%
2007	1,861,408	100%
2006	1,716,948	100%
2005	1,359,325	100%
2004	1,229,040	113%
2003	879,804	158%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)c)
1/1/09	\$ 77,835,016	\$ 106,513,358	\$ 28,678,342	73.08%	\$ 24,409,943	117.49%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	January 1, 2009
Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	N/A
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.50%

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Concentrations

Investments which represent greater than 5% of net assets at June 30, 2009 are as follows:

Dryden S & P 500	\$	8,871,759
Inc Research & Mgmt LD Bond		11,859,200
Core Plus Bond/PIMCO		11,320,679
Large Cap Growth Turner Inv		5,849,419
Large Cap Value/LSV Asset Mgmt		5,779,160
Intl Blend Munder Capital		4,163,771

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$6,321,000 for the year ended June 30, 2009.

Note 10. Risk Management

The Town maintains insurance to provide for losses of property or the results of litigation. The Town is a member of the CIRMA Liability, Automobile, Property pool program which includes 159 members. Premiums were paid by the Town and Board of Education in the amount of \$401,481 and \$363,623, respectively, for the LAP pool program, for excess liability coverage during the fiscal year ended June 30, 2009. The insurance policy provisions cover general business liabilities and umbrella liability, as well as various other coverages. There are various deductibles dependent on the type of coverage. There were no significant reductions from the previous year in insurance coverages during the fiscal year ended

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

June 30, 2009. All policy deductibles and uninsured losses are funded by insurance accounts included under Administrative Services in the General Fund. At June 30, 2009, the Town designated \$275,000 of fund balance in the General Fund for insurance losses beyond budgeted funding. The Town had no settlements which exceeded insurance coverage for the fiscal years ended June 30, 2003 through June 30, 2009.

Additionally, the Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage periods for each fiscal year will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2008-2009 was \$857,071, inclusive of the Board of Education. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$750,000 per occurrence. Claims over \$750,000 are reinsured.

Note 11. Other Postemployment Benefits

In addition to providing pension benefits, the Town instituted a policy providing 40% to 50% of certain health care benefits for retired employees. Substantially all of the Town's employees may become eligible for those benefits, if they retire under a normal retirement or with disability.

Post employment benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of postemployment healthcare in the year when the employee services are received, disclosed the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan description

The Town provides post-employment benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A biannual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2007. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Membership in the plan consisted of the following at July 1, 2007, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	251
Active plan members	<u>1,055</u>
Total	<u><u>1,306</u></u>

The Town's annual other post-employment benefit (OPEB) cost (expense) 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 (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2007 is estimated to be \$12,880,400. The Town's contributions represent payments made for premiums for insured individuals on a pay-as-you-go method.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 1,151,000	\$ 768,460	66.7%	\$ 382,540

OPEB Obligation

Annual required contribution	\$ 1,151,000
Interest on net pension obligation	-
Annual OPEB cost	<u>1,151,000</u>
Contributions made	<u>768,460</u>
Increase in net OPEB liability	<u>382,540</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 382,540</u></u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 12,880,400	\$ (12,880,400)	0.0%	N/A	N/A

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

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

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2007
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount rate	6.50%
Salary increase rate	4.50%
Inflation rate	5.00%
Health cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:

Year	Decrease
2009	8%
2010	7%
2011	6%
2012	5%
2013	4%
2014 and later	4%

Note 12. Commitments and Contingencies

The Town is currently a defendant in a number of lawsuits. Management and legal counsel believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the Town.

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

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 13. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- ◆ GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ◆ GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ◆ GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this statement will result in changes to the classification of fund balances in the Town's governmental funds.
- ◆ GASB Statement Number 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments. The implementation of this statement will not result in any change to the financial statements.

**Required Supplementary
Information**

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TOWN OF GLASTONBURY, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2009**

SCHEDULE OF FUNDING PROGRESS - PENSION TRUST

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/09	\$ 77,835,016	\$ 106,513,358	\$ 28,678,342	73.08%	\$ 24,409,943	117.49%
1/1/08	89,058,673	96,267,672	7,208,999	92.51%	23,390,208	30.82%
1/1/07	83,347,263	88,238,760	4,891,497	94.46%	21,518,447	22.73%
1/1/06	77,887,369	82,341,845	4,454,476	94.59%	20,548,262	21.68%
1/1/05	73,436,605	74,806,313	1,369,708	98.17%	20,846,798	6.57%
1/1/04	69,090,643	70,193,494	1,102,851	98.43%	19,574,926	5.63%

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/07	\$ -	\$ 12,880,400	\$ (12,880,400)	0.0%	N/A	N/A

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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APPENDIX B-1 OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in any information distributed in connection with the bond issue (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 initial purchaser when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the initial purchaser.

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Glastonbury
Glastonbury, Connecticut

We have represented the Town of Glastonbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$28,575,000* General Obligation Refunding Bonds, Issue of 2010, dated as of October 12, 2010.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Glastonbury is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate pursuant to Section 12-97 of the General Statutes of Connecticut, Revision of 1958, as amended, and dwelling houses of qualified elderly people of low income taxable at limited amounts pursuant to Section 12-129b of said General Statutes or Public Act No. 06-176.

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

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

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under

* Preliminary. Subject to change.

existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The Code also provides 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. The interest on certain tax-exempt bonds issued in calendar years 2009 and 2010 is excluded from treatment as a preference item for purposes of the Federal alternative minimum tax and from being taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations. The Town's Tax Compliance Agreement will contain certain representations to ensure that interest on the Bonds is not treated as a preference item for individuals or corporations or included in the calculation of adjusted current earnings for corporations in calculating alternative minimum taxable income.

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

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

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

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

APPENDIX B-2 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 any information distributed in connection with the note issue (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 initial purchaser when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the initial purchaser.

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 Glastonbury
Glastonbury, Connecticut

We have represented the Town of Glastonbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$1,135,000 Bond Anticipation Notes, dated as of November 15, 2010.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Glastonbury 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 U.S. Bank National Association; 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 pursuant to Section 12-97 of the General Statutes of Connecticut, Revision of 1958, as amended, and dwelling houses of qualified elderly people of low income taxable at limited amounts pursuant to Section 12-129b of said General Statutes or Public Act No. 06-176.

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.

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; and (2) interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations.

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 Code also provides 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. The interest on certain tax-exempt bonds issued in calendar years 2009 and 2010 is excluded from treatment as a preference item for purposes of the Federal alternative minimum tax and from being taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations. The Town's Tax Compliance Agreement will contain certain representations to ensure that interest on the Notes is not treated as a preference item for individuals or corporations or included in the calculation of adjusted current earnings for corporations in calculating alternative minimum taxable income.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The notes will not be "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.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Notes. No assurance can be given that future legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of Federal or State of Connecticut 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 own 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.

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APPENDIX C-1 FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of October 12, 2010 by the Town of Glastonbury, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$28,575,000* General Obligation Refunding Bonds, Issue of 2010, dated as of October 12, 2010 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated September 28, 2010 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2010) as follows:

(i) Financial statements of the Issuer's general fund for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

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

(A) amounts of the net taxable grand list applicable to the fiscal year,

(B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,

* Preliminary. Subject to change.

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

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

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

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

Section 3. Material Events.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (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 or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;

- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance and Administrative Services, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance and Administrative Services is Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033.

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

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF GLASTONBURY

By _____
Richard J. Johnson
Town Manager

By _____
Diane M. Waldron
Treasurer

APPENDIX C-2 FORM OF CONTINUING DISCLOSURE AGREEMENT FOR 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, timely notice of the occurrence of certain material events with respect to the Notes:

Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of November 15, 2010 by the Town of Glastonbury, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$1,135,000 Bond Anticipation Notes, dated as of November 15, 2010 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. Material Events.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository, notice of the occurrence of any of the following events with respect to the Notes, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (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 or events affecting the tax-exempt status of the Notes;
- (g) modifications to rights of holders of the Notes;
- (h) Note calls;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes; and
- (k) rating changes.

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 Director of Finance and Administrative Services, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance and Administrative Services is Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033.

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 GLASTONBURY

By: _____
Richard J. Johnson
Town Manager

By: _____
Diane M. Waldron
Treasurer

Financial Advisory Services
Provided By

