

OFFICIAL STATEMENT DATED MAY 3, 2007

NEW ISSUE

**MOODY'S RATING: Aa1
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 is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B "OPINION OF BOND COUNSEL AND TAX EXEMPTION" herein.

**TOWN OF GLASTONBURY, CONNECTICUT
\$11,120,000 GENERAL OBLIGATION BONDS, ISSUE OF 2007**

<u>DATED</u> May 15, 2007					<u>DUE</u> May 15, as shown below				
MATURITY SCHEDULE									
Due May 15	Principal Amount	Coupon	Yield	CUSIP	Due May 15	Principal Amount	Coupon	Yield	CUSIP
2008	\$570,000	5.2500%	3.4500%	377298VF8	2018	\$550,000	3.7500%	3.8200%	377298VR2
2009	565,000	4.0000%	3.5300%	377298VG6	2019	550,000	3.8000%	3.8700%	377298VS0
2010	565,000	4.0000%	3.5000%	377298VH4	2020	550,000	4.0000%	3.9500%	377298VT8
2011	565,000	4.0000%	3.5300%	377298VJ0	2021	550,000	4.0000%	4.0000%	377298VU5
2012	565,000	4.0000%	3.5500%	377298VK7	2022	550,000	4.0000%	4.0500%	377298VV3
2013	565,000	4.0000%	3.5800%	377298VL5	2023	550,000	4.0000%	4.0700%	377298VW1
2014	560,000	4.0000%	3.6000%	377298VM3	2024	550,000	4.0000%	4.0900%	377298VX9
2015	555,000	4.0000%	3.6500%	377298VN1	2025	550,000	4.0000%	4.1100%	377298VY7
2016	555,000	4.0000%	3.7000%	377298VP6	2026	550,000	4.0000%	4.1400%	377298VZ4
2017	555,000	4.0000%	3.7500%	377298VQ4	2027	550,000	4.1000%	4.1600%	377298WA8

Interest on the Bonds will be payable on November 15, 2007 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.

Underwriter

UBS Investment Bank

The Bonds 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. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry-Only Transfer System" herein.

The Bonds will be general obligations of the 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 when due. See "Security and Remedies" herein.

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. 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 May 15, 2007.

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

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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 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 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 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.

NOTICE OF SALE
\$11,120,000
Town of Glastonbury, Connecticut
General Obligation Bonds

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Glastonbury, Connecticut at First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut, until **11:30 A.M. (Eastern Daylight Time) on THURSDAY,**

MAY 3, 2007

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

\$11,120,000 General Obligation Bonds, Issue of 2007
Payable annually on May 15 as follows:

\$570,000 in 2008
\$565,000 in 2009 through 2013
\$560,000 in 2014
\$555,000 in 2015 through 2017
\$550,000 in 2018 through 2027

The Bonds will be dated May 15, 2007, with interest payable on November 15, 2007 and thereafter semiannually on each May 15th and November 15th.

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

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of October and April.

Redemption. Bonds maturing after May 15, 2016 are subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2016, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption prices, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

Period During Which Redeemed (Both Dates Inclusive)	Redemption Prices
May 15, 2016 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All proposals for the purchase of Bonds shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Glastonbury Bonds." All proposals should be addressed to Ms. Diane M. Waldron, Treasurer, Town of Glastonbury, c/o First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.

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

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

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

All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to May 15, 2007, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

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

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

Official Statement. The Town of Glastonbury has prepared a preliminary Official Statement for the Bond issue which is dated April 18, 2007. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, First Southwest Company, East Hartford, Connecticut, by the delivery of the Bonds or by the seventh

business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about May 15, 2007 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Ms. Janette J. Marcoux, Senior Vice President, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033 (telephone: (860) 290-3003) or from Ms. Diane M. Waldron, Treasurer, Town of Glastonbury, Town Hall, 2155 Main Street, Glastonbury, Connecticut 06033 (telephone: (860) 652-7587).

RICHARD J. JOHNSON,
Town Manager

DIANE M. WALDRON,
Treasurer

April 18, 2007

PROPOSAL FOR BONDS

May 3, 2007

Ms. Diane M. Waldron
 Treasurer
 Town of Glastonbury
 c/o First Southwest Company
 Suite 306
 628 Hebron Avenue
 Glastonbury, Connecticut 06033

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated April 18, 2007 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$11,120,000 General Obligation Bonds, Issue of 2007, of the Town of Glastonbury described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2008	\$570,000	_____%	2018	\$550,000	_____%
2009	\$565,000	_____%	2019	\$550,000	_____%
2010	\$565,000	_____%	2020	\$550,000	_____%
2011	\$565,000	_____%	2021	\$550,000	_____%
2012	\$565,000	_____%	2022	\$550,000	_____%
2013	\$565,000	_____%	2023	\$550,000	_____%
2014	\$560,000	_____%	2024	\$550,000	_____%
2015	\$555,000	_____%	2025	\$550,000	_____%
2016	\$555,000	_____%	2026	\$550,000	_____%
2017	\$555,000	_____%	2027	\$550,000	_____%

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

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

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

Percent of True Interest Cost _____%
 (four decimals)

Gross Interest \$ _____

Accrued Interest from May 15, 2007 to May 15, 2007 \$ _____

Premium \$ _____

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.

Date of Sale:	<u>Thursday, May 3, 2007, 11:30 A.M. (EDT).</u>
Location of Sale:	First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.
Issuer:	Town of Glastonbury, Connecticut (the "Town").
Issue:	\$11,120,000 General Obligation Bonds, Issue of 2007, Book-Entry-Only (the "Bonds").
Dated Date:	May 15, 2007.
Interest Due:	November 15 and May 15, in each year until maturity, commencing November 15, 2007.
Principal Due:	Serially, May 15, 2008 through 2027, as detailed in this Official Statement.
Purpose and Authority:	The proceeds of the Bonds will be issued for various capital projects authorized by the voters of the Town of Glastonbury.
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 "Aa1" 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.
Basis of Award:	Lowest True Interest Cost (TIC), as of dated date.
Tax Exemption	Refer to Appendix B, "Form of Opinion of Bond Counsel and Tax Exemption" 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 and 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 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 Bonds in book-entry-only form will be made to The Depository Trust Company on or about May 15, 2007 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:	First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033. Telephone: 860-290-3003.

I. BOND 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 sale of \$11,120,000 General Obligation Bonds, Issue of 2007, (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated April 18, 2007 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Bonds.

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. 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 the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds 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. Under the agreement in which First Southwest Company is acting as Financial Advisor, First Southwest Company has reserved the right to bid on the acquisition of or to participate in this Bond issue or other issues covered by the agreement. The Town has consented to allow First Southwest Company to bid on this Bond issue in compliance with MSRB Rule G-23 (d)(ii).

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

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B "Opinion of Bond Counsel and Tax Exemption" herein), and they make no representation that they have independently verified the same.

DESCRIPTION OF THE BONDS

The Bonds will be dated May 15, 2007 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. Interest on the Bonds will be payable on November 15, 2007 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 April and October in each year. 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 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 Bonds will be rendered by Day Pitney LLP, in substantially the form set forth in Appendix B 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, 2016 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2017 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after May 15, 2016, at any time in whole or in part, and by lot within a maturity in such amounts and in such order of 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, 2016 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.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

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

DTC, the world’s largest 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 2.2 million issues of U.S. and non-U.S. equity, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds 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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC 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 at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and/or Note certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

DTC PRACTICES

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

SECURITY AND REMEDIES

The Bonds 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 when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. 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 is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

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

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

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Bonds **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.

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 agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, annual financial information and timely notices of the occurrence of certain material events with respect to the Bonds.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation Bonds 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.

AUTHORIZATION AND PURPOSE

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

At a referendum held on November 5, 2002, the Town appropriated \$48,331,389 and authorized the issuance of Bonds in the same amount for the design and construction of additions and renovations to Glastonbury High School. A change to the location of the proposed bus yard and van facility was approved at a referendum held June 15, 2004.

At a referendum held on November 2, 2004, the Town appropriated \$4,000,000 and authorized the issuance of Bonds in the same amount for the acquisition of land and development rights.

At a referendum held on November 2, 2004, the Town appropriated \$29,500,000 and authorized the issuance of Bonds in the same amount for the design and construction of a new Elementary School, including acquisition of land for the new school.

At a referendum held on November 8, 2005, the Town appropriated \$3,100,000 and authorized the issuance of Bonds in the same amount for the design and construction of a new Police Communications System.

At a referendum held on May 16, 2006, the Town appropriated \$4,250,000 and authorized the issuance of Bonds in the same amount for the design and construction of improvements to the Town owned Riverfront Park.

USE OF BOND PROCEEDS

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded/Grants</u>	<u>Notes Maturing</u>	<u>These Bonds</u>	<u>Authorized But Unissued</u>
New Elementary School ²	\$29,500,000	\$17,603,883	\$0	\$6,700,000	\$5,196,117 ¹
Land Acquisition - 2004.....	4,000,000	565,000	0	210,000	3,225,000
Glastonbury High School.....	48,331,389	45,188,306	0	1,150,000	1,993,083 ¹
Police Communications.....	3,100,000	2,750,000	0	105,000	245,000
Riverfront Park Improvements...	4,250,000	905,000	3,500,000	2,955,000	390,000
Total.....	\$89,181,389	\$67,012,189	\$3,500,000	\$11,120,000	\$11,049,200

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

² The Bond resolution authorized a portion of the authorized amount to be used to reimburse the Town's Reserve for Land Acquisition account.

RATINGS

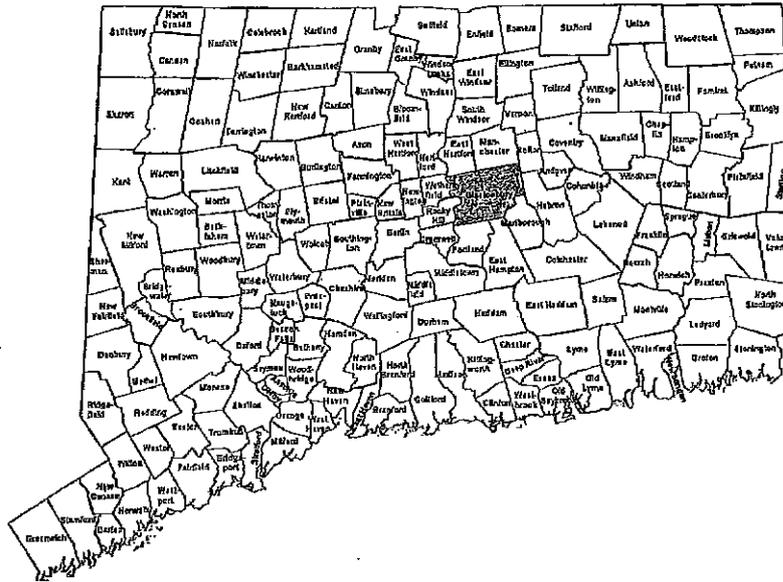
The Town received a credit rating of “Aa1” from Moody’s Investors Service, Inc. (“Moody’s”) and a rating of “AAA” from Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (“Standard & Poor’s”) on the Bonds.

STANDARD & POOR’S RATING: AAA

An obligation rated ‘AAA’ has the highest rating assigned by Standard & Poor’s. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong.

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 rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town’s bonds and notes.

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 Hebron and Marlborough, on the south by the Towns of East Hampton and Portland, and on the west by the Town of Wethersfield. The Town is approximately 53 square miles in area with a population of 33,089 in 2005.

Glastonbury is strategically located adjacent to Connecticut Routes 2 and 3, both four-lane freeways providing direct access to interstate freeways 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, 13% for commercial and industrial development, and 26% is flood zone or open space.

ECONOMIC DEVELOPMENT

Glastonbury continues to expand its economic base with new Class A office development, construction of new commercial buildings in the Town Center, a new hotel, and detailed planning for development of the Gateway Corporate Area described below.

Significant new commercial development has begun in the Gateway Corporate Area: 11 acres of the 95-acre parcel were sold and within two years, 75,000 square feet of Class A medical office space is expected to be completed. The Town is currently reviewing development concepts for the remaining 80± acres within the Gateway Corporate Area. The site is poised to receive major development during the next several years. Significant revenue from the sale of this property will be available to support a variety of Town initiatives including land acquisition/preservation, new economic development activities, or other enhancements.

In the Town Center, a major renewal has been approved resulting in nearly 50,000 square feet of new office and retail space. Finally, a 136 room, \$10 million Hilton Homewood Suites hotel at Somerset Square has recently opened. This is Glastonbury's second hotel, joining the 150 room Hilton Garden Inn that opened in 2004.

MAJOR INITIATIVES

Glastonbury has a highly successful Capital Improvement Program through which a number of important community facilities and improvements have recently been made possible.

The Town's new 21,700 square foot Riverfront Community Center was successfully completed in late summer 2005 and is now in full operation. The Town received almost \$1 million in grants and contributions to reduce taxpayer costs for this project.

The high school renovation and expansion project, approved at referendum in November 2002, is under construction and scheduled for completion in 2007. The \$48.3 million project includes a 68,000 square foot addition of a science wing and major renovations of approximately 78,000 square feet throughout the facility. The project also includes code updates, mechanical/electrical/plumbing upgrades, site work and other various improvements. State grant revenues in excess of \$13.2 million have been received by the Town and will reduce net costs to the Town.

In November 2004 voters approved a \$29.5 million elementary school which is currently under construction and scheduled for completion in August 2007. This is a K-5 facility of approximately 85,000 square feet to accommodate 675 students. State grants are estimated at approximately \$8.5 million.

A \$3.1 million Public Safety Communication System was recently completed to upgrade the Police and Fire communication system and a number of improvements to the general Town radio communication infrastructure.

The Glastonbury Wastewater Treatment Plant was constructed in 1958 and upgraded in 1972. Most operating equipment is over 30 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 and has since been increased to \$28.6 million. It is anticipated that project costs will be funded eventually with grants, reserved funds, and a State of Connecticut low interest loan. The loan payments will be paid primarily from sewer users with minimal impact on the general taxpayers. The project was originally scheduled for completion in 2007, however, shortages in the state Clean Water Fund have delayed the project schedule. The Town is exploring various options on how to proceed given these delays in state funding and expects to commence this project in the fall of 2007.

Glastonbury is well known for its successful land acquisition and preservation program. Funded through appropriations and bond authorizations approved at referendum since 1988, \$17 million has been approved to date. Through this program the Town has acquired approximately 1,300 acres, including three adjacent parcels totaling over 170 acres. These acquisitions were purchased with fund assistance from the State of Connecticut and Nature Conservancy.

The Town continues a long and successful practice of funding major projects from cash resources to minimize the use of debt financing. The capital program transfer approved out of the General Operating Fund to the Capital Reserve Fund for the current Fiscal Year 2006-2007 is \$2.0 million. The approved budget for the upcoming Fiscal Year 2007-2008 also includes a transfer of \$2.0 million.

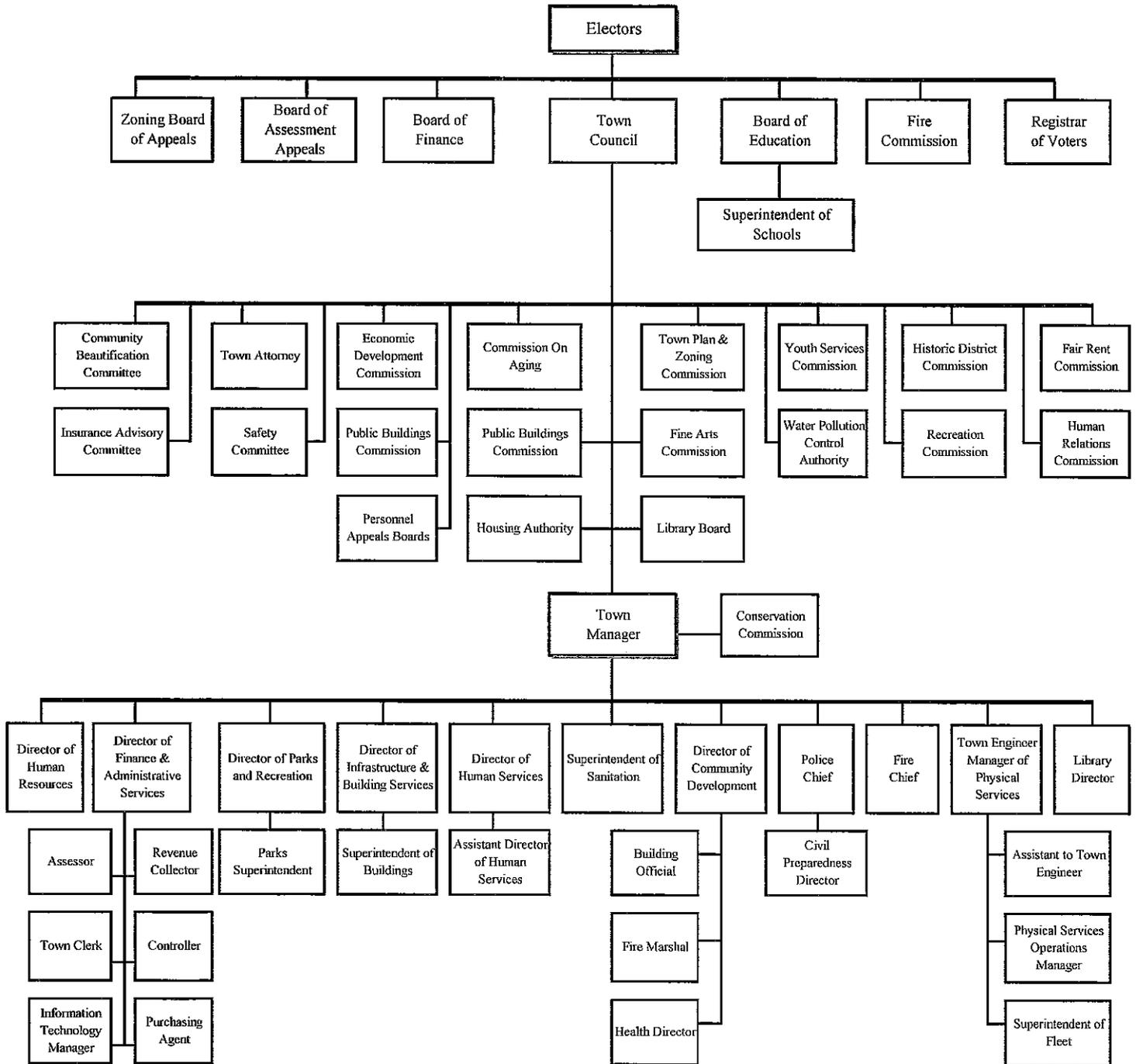
FORM OF GOVERNMENT

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; 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>Selection/Term</u>	<u>Service</u>	<u>Last Five Years</u>
Town Council Chairperson.....	Susan Karp	Elected	6 Years ¹	Homemaker
Board of Finance Chairwoman.....	Diane Northrop	Elected	32 Years ²	Education - Retired
Town Manager.....	Richard J. Johnson	Appointed	14 Years ³	Town Manager
Director of Finance and Administrative Services.....	Diane M. Waldron	Appointed	1 Year ⁴	Finance Director
Superintendent of Schools.....	Alan B. Bookman	Appointed	23 Years ⁵	Principal - High School
Community Development Director.....	Kenith E. Leslie	Appointed	26 Years	Community Development
Director of Infrastructure and Building Services.....	Herbert L. Schwind	Appointed	6 Years	Civil Engineer/Corps.
Building Official.....	Edward P. Pietrycka	Appointed	13 Years ⁶	Building Inspector
Physical Services Director.....	Daniel A. Pennington	Appointed	10 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 Chairperson for approximately 17 years.

³ Mr. Johnson previously served as Assistant Town Manager from October 7, 1985 to July 1, 1993.

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. Pietrycka 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 Resource 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-nine full-time employees.

Police: The Police Department, with authorized personnel of seventy-five full-time employees, is divided into three divisions; Support Services (17 employees), Criminal Investigations (12 employees) and Patrol (46 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 sixth time in February 2007.

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 two ambulances, is a group of volunteers who coordinate and run a service to the community through donations and other fees.

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 46 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 263 Town and 93 Education cars, trucks, buses and construction equipment being used by the various Town Departments. The Education Department's school buses are also maintained by this Division.

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 four 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 October 26, 1988. Barring any interim extensions, the Town's contract with the Authority runs through 2015.

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 \$69.00 per ton for solid waste for the current Fiscal Year 2006-07. 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 has a "flow-control" ordinance which requires all collectors of solid waste in Glastonbury to deliver collected solid waste to the CRRA. A decision of the United States Supreme Court declared a similar ordinance in a New York community to be unconstitutional. It is not known at this time whether such decision will have any adverse impact on the amount of solid waste from Glastonbury that is delivered to the CRRA or whether the amount of such solid waste would be less than the Town's annual minimum commitment.

The Town's former landfill has been closed for twenty-two 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.

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 technical and maintenance 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 twelve 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.

Senior & Community Services: The Senior & Community Services Department, with a staff of ten 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, nutritional lunch program, information and referral services, Friendly Visitor Outreach 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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government.....	252	254	256	262	261
Board of Education ¹	794	778	752	736	746
Total	1,046	1,032	1,008	998	1,007

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 2007 breakdown of General Government employees by department:

<u>Department</u>	<u>FY07 Budgeted Positions¹</u>	<u>FY08 Budgeted Positions¹</u>
General Government.....	18	18
Community Development...	18	18
Administrative Services.....	26	25
Public Safety.....	77	77
Physical Services.....	48	46
Sanitation.....	13	13
Human Services.....	21	22
Leisure/Culture.....	33	33
Sub-Total	254	252
Board of Education.....	778	810
Total	1,032	1,062

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.....	67	June 30, 2008
Glastonbury Highway and Vehicle Maintenance Assoc. - CILU #36..	38	June 30, 2006 ²
Water Pollution/Facilities Maintenance, AFSCME.....	16	June 30, 2007
<u>Board of Education</u>		
Glastonbury Education Association.....	524	June 30, 2009
Glastonbury School Administrators Association.....	37	June 30, 2009
Custodial/Maintenance/General Personnel CILU.....	68	June 30, 2010
Nurses AFSCME.....	12	June 30, 2008
Secretaries/Paraprofessionals AFSCME.....	136	June 30, 2008

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

² Tentative agreement.

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 October 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, 2006 was 6745. The rated capacity of the system facilities is 6,732.

SCHOOL FACILITIES

School	Grades	Date of Construction/Renovations	Number of Classrooms	Enrollment 10/1/2006 ¹	Rated Capacity
Glastonbury High School....	9-12	1953, 1956, 1973, 1990, 1992, 2006	117	2,003	2,300
Gideon Welles School.....	5-6	1967, 2000	57	779	750
Smith Middle School.....	7-8	1999	82	1,048	1,100
Buttonball School.....	K-5	1955, 1960, 1996	29	652	556
Eastbury School.....	K-5	1949, 1964, 1996	21	588	402
Hebron Avenue School.....	K-4	1958, 1959, 1996	28	499	534
Hopewell School.....	K-4	1962, 1996	29	730	578
Naubuc School.....	Pre K-4	1929, 1948, 1969, 1996	27	446	512
Totals.....			390	6,745	6,732

¹ Excludes Magnet School (210) and Special Education (52). Magnet School with East Hartford/Out-of-District Special Education.
Source: Department of Education, ED050, School Facilities Survey.

SCHOOL ENROLLMENT¹

As of October 1	Grades Pre K-6	Grades 7-8	Grades 9-12	Special Education ²	Total
<i>Historical</i>					
2002-2003	3,709	1,030	1,811	50	6,600
2003-2004	3,727	1,104	1,897	58	6,786
2004-2005	3,745	1,085	1,956	58	6,844
2005-2006	3,732	1,096	2,028	51	6,907
2006-2007	3,782	1,096	2,024	52	6,954
<i>Projected</i>					
2007-2008	3,767	1,083	2,090	54	6,994
2008-2009	3,722	1,164	2,078	54	7,018
2009-2010	3,685	1,185	2,097	54	7,021
2010-2011	3,650	1,167	2,179	54	7,050
2011-2012	3,658	1,121	2,188	54	7,021

¹ Includes Special Education; excludes 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

Year	Population ¹	% Increase	Density ²
2005	33,089	3.8	630
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, 2005.

² Per square mile: 52.5 square miles.

AGE DISTRIBUTION OF THE POPULATION

	Town of Glastonbury		State of Connecticut	
	Number	Percent	Number	Percent
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

	Town of Glastonbury		State of Connecticut	
	Families	Percent	Families	Percent
\$ 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 March 2007

Employer	Product	Estimated Number of Employees	
Metlife.....	Insurance Services	450	1
Ikon/Office Solutions.....	Information Technology	420	2
Open Solutions, Inc.....	Software Services	420	
Super Stop & Shop Supermarket.....	Supermarket, Pharmacy (2 Stores)	310	
Salmon Brook Nursing and Rehabilitation.....	Medical Center	180	
Bank of America Business Capital.....	Financial Services	130	
Amica.....	Insurance Services	127	
Nabisco/Kraft.....	Food Distribution	100	
Aero-MED.....	Medical Supplies	95	
Flanagan Industries.....	Manufacturing	90	
Liberty Mutual Insurance.....	Insurance Provider	70	
Laurel Gardens.....	Assisted Living	65	3
Cronin and Company.....	Marketing Communications	55	
Fiserv Solutions.....	Information Technology	40	
Glastonbury Wellness.....	Health Care	40	

¹ Estimate. The Company needs to expand its office space and may be relocating to a new site in Glastonbury or in a neighboring Town.

² Company experienced growth over the past year.

³ A division of Laurel Gardens was sold off during the 2006-2007 year.

Source: Telephone survey.

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	Hartford	State of
			Glastonbury	Labor Market	Connecticut
January 2007.....	17,414	631	3.5%	5.2%	5.0%
November 2006....	17,862	536	2.9	4.2	4.1
September 2006....	17,560	575	3.2	4.6	4.5
June 2006.....	17,665	587	3.2	4.5	4.4
March 2006.....	17,238	574	3.2	5.0	4.8
Annual Average					
2005.....	17,122	622	3.5%	5.1%	4.9%
2004.....	16,922	587	3.4	5.2	4.9
2003.....	16,894	684	3.9	5.8	5.5
2002.....	16,954	535	3.1	4.5	4.4
2001.....	16,668	333	2.0	3.3	3.3
2000.....	15,983	233	1.4	2.4	2.2
1999.....	15,120	303	2.0	3.3	3.2
1998.....	14,868	344	2.3	3.4	3.4
1997.....	14,790	532	3.5	5.3	5.1
1996.....	14,697	638	4.2	6.1	5.7
1995.....	15,030	579	3.7	6.0	5.5

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		\$305,000		\$315,615

¹ Median Sales Price, The Warren Group, 2006

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

BUILDING PERMITS (\$ in thousands)

Fiscal Year Ended 6/30	Residential ¹		Industrial/Commercial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2007 ²	87	\$23,611	96	\$11,582	422	\$7,131	605	\$42,324
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
2000	137	26,995	32	35,841	784	11,427	953	74,263
1999	557	45,916	101	9,940	182	2,493	840	58,349
1998	652	33,671	80	8,155	100	4,081	832	45,907
1997	732	14,334	128	9,291	45	1,321	905	24,946

¹ Beginning in Fiscal Year 2000, the number of permits and values includes new residential dwellings only; additions, sheds, decks and roofs are included under "Other".

² Permits issued between 7/1/2006 – 2/28/07.

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, 2002. The statutory requirements for real property assessments have been revised a number of times over the years. Generally, reassessments are required every five years, and at least every ten years the reassessment must include physical inspections. A 2006 statute permits a municipality, upon approval of its legislative body, to phase-in a real property assessment increase resulting from a revaluation over a period of up to five years. Various state statutes provide for or authorize exemptions, abatement and other adjustments to assessments. 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.

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. Assessments for personal property are computed at 70 percent of present value.

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 July 1 are subject to a property tax as if the motor vehicle has been included on the October Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 1. 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 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, personal property, and real estate accounts are transferred to a suspense account after two years at which time they cease to be carried as receivables.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6 percent per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

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 Exemptions ¹	Net Taxable	% Growth
							Grand List	
2006	74.6%	13.3%	3.8%	8.3%	\$3,102,081	\$12,846	\$3,089,235	1.93%
2005	74.6	13.2	3.8	8.4	3,042,952	12,129	3,030,823	2.02%
2004	74.2	13.8	3.8	8.2	2,983,279	12,523	2,970,756	2.07%
2003	73.9	14.5	3.8	7.8	2,921,944	11,424	2,910,520	0.75%
2002 ²	73.8	14.5	3.5	8.2	2,900,471	11,681	2,888,790	34.96%
2001	71.7	13.0	4.7	10.6	2,152,352	11,917	2,140,435	2.62%
2000	71.7	12.7	5.0	10.6	2,096,708	10,963	2,085,745	2.96%
1999	72.2	12.9	4.5	10.4	2,036,660	10,876	2,025,784	3.69%
1998	72.4	13.4	4.7	9.5	1,965,443	11,752	1,953,691	2.95%
1997	72.5	13.8	4.6	9.1	1,907,327	9,709	1,897,618	2.46%

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 Date of last general revaluation, October 1, 2002.

Source: Assessor's Office, Town of Glastonbury.

PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year Year Ending 6/30	Net Taxable Grand List ¹	Mill Rate	Tax Levy	Percent Annual Levy	Percent Annual Levy	Percent Annual Levy
				Collected End of Fiscal Year	Uncollected End of Fiscal Year	Uncollected 6/30/2006
2007	\$3,030,823	34.00	\$102,996,603	--In process of collection--		
2006	2,970,756	32.10	95,985,200	99.6%	0.4%	0.4%
2005	2,910,520	30.90	90,306,040	99.3%	0.7%	0.0%
2004	2,888,790	28.75	83,267,767	99.4%	0.6%	0.0%
2003	2,140,435	36.70	79,366,294	99.3%	0.7%	0.0%
2002	2,085,745	34.60	73,031,613	99.5%	0.5%	0.0%
2001	2,025,784	32.90	67,501,290	99.3%	0.7%	0.0%
2000	1,953,691	31.70	62,796,171	99.4%	0.6%	0.0%
1999	1,897,618	29.90	57,291,419	99.2%	0.8%	0.0%
1998	1,852,052	29.60	55,356,505	98.9%	1.1%	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	\$18,038,330	0.58%
Connecticut Mutual Life Insurance Co.....	Office Building	15,859,400	0.51%
Grunberg 628 Hebron LLC.....	Office Buildings	12,882,660	0.42%
BCIA 95 Glastonbury BLVD LLC.....	Office Buildings	12,116,100	0.39%
Flanders Somerset LLC etal.....	Shopping Plaza & Restaurant	11,664,500	0.38%
Alectra Pensions.....	Retail Center	9,788,500	0.32%
PRA Glastonbury LLC.....	Hotel	9,006,600	0.29%
PRA Suites at Glastonbury LLC.....	Real Estate	8,400,800	0.27%
Winding Road LLC.....	Office Building	7,622,100	0.25%
New Boston Winding Brook Limited Partnership..	Office Buildings	6,650,100	0.22%
Total.....		<u>\$112,029,090</u>	<u>3.63%</u>

¹ Based on a 10/1/06 Net Taxable Grand List of \$3,089,234,530.
Source: Assessor's Office, Town of Glastonbury.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
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%
1997	2,861,750,262	6.30%
1996	2,692,059,058	1.36%
1995	2,655,862,908	1.09%
1994	2,627,197,950	0.99%

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 has changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2003. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The new 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.

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 and expenditures -- budget and actual included in the general purpose financial statements. Unexpended appropriations of the General Fund lapse at fiscal year end. Non-lapsing project and object budgets are employed for the Capital Projects Funds and Capital and Non-Recurring Expenditures Fund (a Special Revenue Fund). The five-year capital improvement program is adopted annually for the current year.

Legal budgets for the General, Capital Projects and Capital and Non-Recurring Expenditures Funds are adopted. Expenditures in excess of budgeted amounts can be made only upon authority of a supplemental appropriation.

The Town of Glastonbury has received the GFOA Distinguished Budget Award for the years 1996 through 2006.

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, 2006, the financial statements of the Town were audited by the firm of Blum Shapiro & Company, P.C., Certified Public Accountants of West Hartford, 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, 2006. 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, 2006 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

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.

Please refer to the Town of Glastonbury's "Notes to Financial Statements", Note 4, in "Appendix A" herein for further information on the Town's Pension Plan.

OTHER POST EMPLOYMENT BENEFITS

The Town provides limited post employment health care benefits for retired employees. Substantially all of the Town's employees are eligible for these benefits when they become eligible for retirement while working for the Town. The Town currently finances the cost of these benefits on a pay-as-you-go basis; the cost for the fiscal year ending June 30, 2006 was approximately \$154,210. The Town has preliminary estimates of OPEB liability and cost under GASB Statement No. 45 which cover the Town's retiree health benefits. The actuarial accrued liability is estimated at \$13.0 million. The recommended annual contribution, under the advance funding method, is \$1.2 million: \$600,000 for Town Government employees and \$600,000 for Board of Education employees. The approved Town government operating budget for the upcoming Fiscal Year 2007-08 has an appropriation of \$230,000 to begin funding the Town's unfunded actuarial accrued liability. The Town anticipates implementation of GASB Statement No. 45 for the year ending June 30, 2008.

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

	Budget 2007-08 ¹	Budget 2006-07 ¹	Actual 2005-06	Actual 2004-05	Actual 2003-04	Actual 2002-03	Actual 2001-02
REVENUES:							
Property Taxes.....	\$111,408,397	\$103,786,637	\$96,403,227	\$90,609,468	\$83,572,200	\$79,308,388	\$73,311,305
Licenses/Permits.....	902,050	871,250	1,332,325	1,169,354	989,251	810,376	890,658
Intergovernmental Revenues.....	5,486,606	5,770,493	7,530,085	6,989,468	6,707,062	7,079,978	6,510,526
Charges for Services.....	2,488,550	2,488,000	2,888,823	2,493,371	2,764,935	2,285,585	1,943,958
Other Revenues.....	3,482,612	3,142,220	5,183,203	2,339,586	1,601,704	1,688,018	3,132,815
Total Revenues.....	\$123,768,215	\$116,058,600	\$113,337,663	\$103,601,247	\$95,635,152	\$91,172,345	\$85,789,262
Use of Fund Balance ²	550,000	550,000	0	0	0	0	0
Transfers In-Other Funds.....	1,454,810	1,337,422	1,322,991	1,204,424	1,287,490	1,721,602	1,194,196
Total Revenues and Transfers In.....	\$125,773,025	\$117,946,022	\$114,660,654	\$104,805,671	\$96,922,642	\$92,893,947	\$86,983,458
EXPENDITURES:							
General Government.....	\$2,548,984	\$2,432,109	\$2,243,732	\$2,137,596	\$1,992,587	\$1,958,982	\$1,833,167
Community Development.....	1,829,703	1,772,388	1,636,712	1,578,517	1,543,370	1,465,317	1,385,761
Administrative Services.....	5,346,797	5,111,736	4,874,536	4,552,728	4,270,763	3,842,611	3,638,851
Public Safety.....	9,412,181	8,826,990	8,619,276	7,935,880	7,565,952	7,460,845	6,922,653
Physical Services.....	5,552,358	5,418,407	5,123,058	5,165,005	4,793,254	4,906,751	4,588,667
Sanitation.....	2,334,107	2,195,906	2,107,488	1,959,488	2,035,470	1,937,193	1,942,091
Human Services.....	2,407,852	2,222,062	2,135,477	1,767,502	1,899,543	1,764,155	1,682,916
Leisure/Culture.....	5,376,454	4,987,815	4,608,890	4,376,460	4,237,673	3,996,002	3,769,784
Contingency.....	175,000	175,000	37,994	932	8,075	1,896	12,917
Total Town.....	\$34,983,436	\$33,142,413	\$31,387,163	\$29,474,108	\$28,346,687	\$27,333,752	\$25,776,807
Debt Service.....	11,200,000	10,422,464	8,648,220	7,739,670	5,980,679	6,075,799	5,773,645
Education.....	77,559,589	72,351,145	68,918,999	64,168,743	60,485,905	57,297,701	52,769,948
Total Expenditures.....	\$123,743,025	\$115,916,022	\$108,954,382	\$101,382,521	\$94,813,271	\$90,707,252	\$84,320,400
Transfers Out-Other Fund.....	2,030,000	2,030,000	2,025,000	2,027,500	2,181,170	1,586,780	1,179,780
Total Expenditures and Transfers Out.....	\$125,773,025	\$117,946,022	\$110,979,382	\$103,410,021	\$96,994,441	\$92,294,032	\$85,500,180
Excess (deficiency) of Revenues/ Transfers over Expenses/Transfers.....			\$3,681,272	\$1,395,650	(\$71,799)	\$599,915	\$1,483,278
Fund Balance, July 1.....			\$10,521,030	\$9,125,380	\$9,197,179	\$8,597,264	\$7,113,986
Fund Balance, June 30.....			\$14,202,302	\$10,521,030	\$9,125,380	\$9,197,179	\$8,597,264

¹ Budgetary Basis.

² Represents funds appropriated from prior years' surplus.

³ Town Officials anticipate that operating revenues and transfers in will exceed operating expenditures and transfers out by approximately \$500,000 for the current Fiscal Year 2006-2007. The amount of \$550,000 appropriated from prior year's surplus, and included as a transfer in, in the approved Fiscal Year 2006-07 Budget, is not expected to be used.

ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)

	Budget 2007-08	Budget 2006-07	Actual 2005-06	Actual 2004-05	Actual 2003-04	Actual 2002-03	Actual 2001-02
Reserved for Encumbrances.....	N/A	N/A	\$51,096	\$240,539	\$122,425	\$25,058	\$62,100
Reserved for Inventory.....			171,246	168,352	163,259	175,534	160,051
Reserved for Capital Outlay.....			47,500	15,598	36,716	96,130	0
Unreserved:							
Designated for Insurance.....	N/A	N/A	275,000	275,000	275,000	275,000	275,000
Designated for Subsequent Years Exp.....			550,000	550,000	550,000	550,000	550,000
Designated for Specific Purposes.....			14,776	23,193	41,620	1,317,068	1,878,974
Unreserved/Undesignated.....			13,092,684	9,248,348	7,936,360	6,758,389	5,671,139
Total Fund Balance.....	N/A	N/A	\$14,202,302	\$10,521,030	\$9,125,380	\$9,197,179	\$8,597,264
Undesignated Fund Balance As % of Total Expenditures.....	N/A	N/A	11.80%	8.94%	8.18%	7.32%	6.63%

Source: Audited Financial Statements 2002-2006; Budgets 2007-2008, Town of Glastonbury.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of May 15, 2007
(Pro Forma)

Long-Term Debt: Bonds

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding 5/15/2007</u>	<u>Fiscal Year Maturity</u>
<u>General Purpose</u>					
08/15/88	Various.....	7.0344	\$1,835,000	\$143,500	2009
12/15/98	Various.....	4.3625	2,100,000	1,100,000	2018
03/01/02	Land Acquisition.....	4.3468	2,250,000	1,700,000	2022
06/15/04	Various.....	4.3646	6,960,000	6,270,000	2024
12/15/04	Refunding Bonds.....	3.3972	3,493,305	2,958,627	2019
05/15/05	Various.....	3.9522	5,160,000	4,644,000	2025
05/15/06	Various.....	4.2859	4,120,000	3,880,000	2026
05/15/07	Various.....	This Issue	3,270,000	3,270,000	2027
	Sub-Total		\$29,188,305	\$23,966,127	
<u>Schools</u>					
08/15/88	High School Renovation.....	7.0344	\$2,565,000	\$256,500	2009
04/01/99	Middle School - Lot B.....	4.4237	12,000,000	7,600,000	2019
03/01/02	Middle/Gideon Schools.....	4.3468	3,400,000	2,450,000	2022
06/15/04	High School.....	4.3646	13,040,000	11,730,000	2024
12/15/04	Refunding Bonds.....	3.3972	18,211,695	15,071,373	2019
05/15/05	High School/Elementary School..	3.9522	13,340,000	12,006,000	2025
05/15/06	High School/Elementary School..	4.2859	16,480,000	15,735,000	2026
05/15/07	High School/Elementary School..	This Issue	7,850,000	7,850,000	2027
	Sub-Total.....		\$86,886,695	\$72,698,873	
	Total.....		\$116,075,000	\$96,665,000	

Short-Term Debt:

None

Other Long-Term Commitments:

At June 30, 2006, the Town has \$378,750 outstanding in loans for land purchases. An amount of \$151,875 is expected to be retired in the current Fiscal Year 2006-07.

ANNUAL BONDED DEBT MATURITY SCHEDULE

As of May 15, 2007

(Pro Forma)

Fiscal Year					Cumulative
Ending 6/30	Principal	Interest	Total	The Bonds	Percent
					Retired
2007	\$5,480,000	\$3,738,801	\$9,218,801	-	5.36
2008	6,075,000	3,487,763	9,562,763	570,000	11.87
2009	6,395,000	3,244,800	9,639,800	565,000	18.68
2010	6,165,000	3,005,188	9,170,188	565,000	25.27
2011	6,135,000	2,785,226	8,920,226	565,000	31.83
2012	5,450,000	2,570,776	8,020,776	565,000	37.72
2013	5,440,000	2,341,926	7,781,926	565,000	43.60
2014	5,440,000	2,102,232	7,542,232	560,000	49.47
2015	5,440,000	1,859,194	7,299,194	555,000	55.34
2016	5,390,000	1,617,288	7,007,288	555,000	61.16
2017	4,970,000	1,386,469	6,356,469	555,000	66.57
2018	4,965,000	1,178,026	6,143,026	550,000	71.97
2019	4,590,000	972,519	5,562,519	550,000	77.00
2020	3,275,000	802,181	4,077,181	550,000	80.75
2021	3,275,000	661,431	3,936,431	550,000	84.49
2022	3,125,000	515,544	3,640,544	550,000	88.09
2023	2,850,000	374,875	3,224,875	550,000	91.42
2024	2,830,000	247,406	3,077,406	550,000	94.73
2025	2,830,000	118,500	2,948,500	550,000	98.04
2026	905,000	39,594	944,594	550,000	99.46
2027	-	-	-	550,000	100.00
Totals	\$91,025,000	\$33,049,732	\$124,074,732	\$11,120,000	

¹ Includes \$5,480,000 in principal payments made in Fiscal Year 2006-07.

OVERLAPPING/UNDERLYING DEBT

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

DEBT STATEMENT

As of May 15, 2007

(Pro Forma)

LONG TERM DEBT

Bonds: Including This Issue

General Purpose..... \$23,966,127
 Schools..... 72,698,873

TOTAL LONG TERM DEBT..... \$96,665,000

SHORT TERM DEBT.....

TOTAL DIRECT DEBT..... \$96,665,000

Less:

State School Construction Grants Receivable¹... \$2,082,994

TOTAL DIRECT NET DEBT..... \$94,582,006

TOTAL UNDERLYING DEBT..... 0

TOTAL NET DIRECT DEBT..... \$94,582,006

¹ Represents grants receivable for prior school bond issues.

CURRENT DEBT RATIOS

May 15, 2007

(Pro Forma)

Population ¹	33,089
Net Taxable Grand List - 10/1/06 @ 70% of full value	\$3,089,234,530
Estimated Full Value.....	\$4,413,192,186
Equalized Net Taxable Grand List - 2004 ²	\$5,663,902,306
Money Income per Capita - 2000 ³	\$40,820

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	<u>\$96,665,000</u>	<u>\$94,582,006</u>	<u>\$94,582,006</u>
Per Capita.....	\$2,921.36	\$2,858.41	\$2,858.41
Ratio to Net Taxable Grand List.....	3.13%	3.06%	3.06%
Ratio to Estimated Full Value.....	2.19%	2.14%	2.14%
Ratio to Equalized Grand List.....	1.71%	1.67%	1.67%
Debt per Capita to Money Income per Capita.....	7.16%	7.00%	7.00%

¹ State of Connecticut, Department of Health Services, 2005 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 eight 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 four years, or pursuant to Public Act No. 02-114, effective October 1, 2002, eight years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

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

LIMITATION OF INDEBTEDNESS

Municipalities shall not incur indebtedness through the issuance of bonds, 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 May 15, 2007

(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2006.....	\$96,403,227
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	130,542
BASE.....	<u>\$96,533,769</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
DEBT LIMITATION:					
2¼ times base.....	\$217,200,980				
4½ times base.....		\$434,401,961			
3¾ times base.....			\$362,001,634		
3¼ times base.....				\$313,734,749	
3 times base.....					\$289,601,307
Total debt limitation.....	<u>\$217,200,980</u>	<u>\$434,401,961</u>	<u>\$362,001,634</u>	<u>\$313,734,749</u>	<u>\$289,601,307</u>
INDEBTEDNESS¹:					
Bonds Payable (including this Issue)	\$23,966,127	\$72,698,873	\$0	\$0	\$0
Notes Payable.....	0	0	0	0	0
Authorized but Unissued Debt.....	4,850,000	8,021,744	0 ²	0	0
TOTAL DIRECT INDEBTEDNESS	<u>\$28,816,127</u>	<u>\$80,720,617</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Less:					
School Construction Grants..		<u>\$2,082,994</u> ¹			
TOTAL NET INDEBTEDNESS.....	<u>\$28,816,127</u>	<u>\$78,637,623</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$188,384,853</u>	<u>\$355,764,338</u>	<u>\$362,001,634</u>	<u>\$313,734,749</u>	<u>\$289,601,307</u>

¹ Represents State of Connecticut School Construction Grants payable to the Town over the life of certain school bond issues.

² Excludes \$28,600,000 in Authorized but Unissued Sewer Debt not yet borrowed against as allowed under Connecticut General Statutes.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$675,736,383.

AUTHORIZED BUT UNISSUED DEBT
As of May 15, 2007
(Pro Forma)

Project	Authorized	Bonded	Grants/ Other Funds	Debt Authorized but Unissued			
				General Purpose	Schools	Sewers	Total
Middle School/Gideon Welles.....	\$43,243,000	\$29,250,000	\$13,160,456	\$0	\$832,544	\$0	\$832,544 ¹
Land Acquisition - 2001.....	3,000,000	2,995,000	0	5,000	0	0	5,000
Remediation.....	1,200,000	700,000	0	500,000	0	0	500,000 ²
High School.....	48,331,389	33,070,000	13,268,306	0	1,993,083	0	1,993,083 ¹
Community Center.....	5,900,000	5,580,000	0	320,000	0	0	320,000
Land Acquisition - 2003.....	3,000,000	2,835,000	0	165,000	0	0	165,000
Wastewater Treatment Plant.....	28,600,000	0	0	0	0	28,600,000	28,600,000
New Elementary School.....	29,500,000 ³	17,640,000	6,663,883	0	5,196,117	0	5,196,117 ¹
Land Acquisition - 2004.....	4,000,000	650,000	125,000	3,225,000	0	0	3,225,000
Public Safety Communications System...	3,100,000	2,855,000	0	245,000	0	0	245,000
Riverfront Park - Phase I.....	4,250,000	2,955,000	905,000	390,000	0	0	390,000
Total.....	\$174,124,389	\$98,530,000	\$34,122,645	\$4,850,000	\$8,021,744	\$28,600,000	\$41,471,744

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 Bond resolution authorized a portion of the authorized amount to be used to reimburse the Town's Reserve for Land Acquisition account.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT

	2006	2005	2004	2003	2002
Long-Term Debt					
Bonds.....	\$91,025,000	\$75,875,000	\$62,355,000	\$46,175,000	\$49,945,000
Short-Term Debt					
Bond Anticipation Notes..	0	3,000,000	650,000	3,250,000	1,100,000
Totals.....	\$91,025,000	\$78,875,000	\$63,005,000	\$49,425,000	\$51,045,000

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
2006	\$2,970,756	\$4,243,937	\$91,025,000	3.06%	2.14%	33,089	\$2,750.91	6.74%
2005	2,910,520	4,157,886	78,875,000	2.71%	1.90%	32,852	2,400.92	5.88%
2004	2,888,790	4,126,843	63,005,000	2.18%	1.53%	32,789	1,921.53	4.71%
2003	2,140,435	3,057,764	49,425,000	2.31%	1.62%	32,575	1,517.27	3.72%
2002	2,085,745	2,979,636	51,045,000	2.45%	1.71%	32,985	1,547.52	3.79%

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 2002-06 Population: State of Connecticut, Department of Health Services Estimates.

⁴ Income per Capita: \$40,820 - Fiscal Years 2002 -2006 - 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 %
2006	\$8,648,220	\$110,979,382	7.79%
2005	7,739,670	103,410,021	7.48%
2004	5,980,679	96,994,441	6.17%
2003	6,075,799	92,294,032	6.58%
2002	5,773,645	85,500,180	6.75%

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

CAPITAL IMPROVEMENT PROGRAM

The Town's Capital Improvement Program is developed pursuant to certain guidelines which are approved by the Town Council and outlined below:

Purpose: In recognition that major improvements will require substantial funding, a Capital Improvement Program is established. The program will be funded by a combination of: a) Debt, b) Capital Reserve Funds, c) Sewer Sinking Funds, and d) Grant Revenues.

Primary Funding: The Capital Reserve Fund may receive funding each year in a two step method. The General Fund annual budget shall include at least a five percent (5%) allocation as an Appropriation Transfer to the Capital Reserve Fund. The five percent is calculated on the current fiscal year's total operating budget less the next fiscal year's debt service payments.

No later than the end of February of each fiscal year, the Board of Finance may recommend the transfer of additional funds from the Undesignated Fund Balance of the General Fund to the Capital Reserve. The Council may consider the February transfer amount in approving the next five percent allocation.

The Undesignated Fund Balance of the Capital Reserve Fund will be held at no less than \$500,000 except in the case of emergencies.

Debt Limit: Whereas debt must be a part of funding needs for major improvements, a sound credit rating is a priceless asset for Glastonbury. To preserve a strong credit rating, our recommended level of debt shall not exceed 3 1/2 percent of the annual total assessed property values.

Process: The preparation of the Capital Improvement Program in Glastonbury will include a five-year plan of acquisition, new construction, repair and replacement of municipal facilities and equipment. Each Department, Board or Commission requesting funds from the Capital Projects Fund shall submit a five-year plan where applicable or requested by the Town Council. Project requests received outside of the usual process from citizens or other agencies will be forwarded to the Town Manager to review the proposal and assign a staff liaison to begin the process.

The Program has two processes, a PLANNING Process and a BUDGETARY Process. At its first meeting in December each year, the Town Council will be provided with a five-year PLANNING document which sets forth in priority order the implementing of projects based on the need to the community. By January 15, the Town Council will evaluate the plan and set its priorities and establish the years in which the projects are to be implemented.

- A. The Council will review the scope of each project and make required revisions prior to funding projects or equipment.
- B. Supplemental appropriations will be considered for projects in progress generally twice a year.
- C. The Criteria guidelines will be updated annually by action of the Town Council with recommendations by the Board of Finance.

The Town Manager will then prepare a five-year BUDGETARY plan to present to the Town Council and Board of Finance by February 1. The Board of Finance will complete its recommendations by February 15 with the Town Council completing its actions by March 15.

Scope of Projects or Improvements: The purpose of this program is to acquire and/or improve fixed assets that have an extended useful life. As such, the item should have a useful life of more than ten years, and a minimum value of \$50,000.

Projects will be considered based on the need and value to the community. Individual or Agency requests will be presented to the Town Council through the schedule and process established by the Town Manager. The steps of the process will be:

- A. Evaluation/Feasibility Phase.
- B. Preliminary design phase during which plans are drawn and a summary of estimated costs is provided. The Council will review reports or design plans twice a year, in December and June. Funding for A & B will be combined in the initial request.
- C. Construction/Action phase when commitments are made to acquire or construct the capital improvement.

Requests for preliminary design funds will include a “ball park” estimate of total program costs, including “in kind” costs of the Town of Glastonbury personnel and equipment. Approval of design funds will be based on consideration of priority need to the community and availability of funds sufficient to finish the project.

Capital Improvements that have a significant expenditure of funds should be considered for referendum. All capital improvements which exceed one percent (1%) of the adopted Town, Education and Debt and Transfers budget, rounded to the next highest \$50,000 will be submitted to public referendum; except for those projects which address exigent circumstances effecting the health or safety of the community. The estimated project cost shall include administration, engineering, land, construction and equipment. Projects shall not be phased over multiple years to subvert the referendum requirement.

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.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon the delivery of the Bonds, the Original Purchaser will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery of the Bonds no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town signed by the Town Manager 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 bids on the Bonds were accepted, 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. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.
6. The Town of Glastonbury, Connecticut has prepared an Official Statement for the Bond issue which is dated April 18, 2007. 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 winning purchaser of the Bonds 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. 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

Richard J. Johnson, *Town Manager*

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

May 3, 2007

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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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, 2006 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.

BlumShapiro

Report of Independent Accountants

To the Members of 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, 2006, which collectively comprise the Town of Glastonbury, Connecticut'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 basic 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, 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, 2006 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements but is 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 of Glastonbury, Connecticut's basic financial statements. The introductory section, supplemental, combining and individual 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 supplemental, combining and individual fund 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 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006 on our consideration of the Town of Glastonbury, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

November 17, 2006

Town of Glastonbury, Connecticut
Management's Discussion and Analysis
June 30, 2006

Our 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, 2006. Please read it 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 \$171.31 million. Of the Town's total net assets at June 30, 2006, \$43.73 million, or 25.5%, 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 \$17.46 million or 11.35%, from \$153.85 million to \$171.31 million. Government-wide expenses were \$119.94 million, while revenues were \$137.41 million. The change in net assets is primarily attributable to increases in property taxes, operating grants and contributions, gain on disposal of capital assets, charges for services and investment earnings.
- ◆ 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 \$43.29 million, an increase of \$1.74 million from the prior fiscal year. Of the total \$43.29 million fund balance as of June 30, 2006, \$14.16 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 \$26.9 million, while unreserved fund balance of the Capital Projects Funds totals \$(12.74 million). The deficit in the Capital Projects Funds is primarily due to timing differences in incurring obligations (encumbrances) in the GHS Renovation Fund and the New Elementary School Fund and obtaining resources to fund those obligations. The Town will issue long-term debt for these construction projects as the money is expected to be expended.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund alone was \$14.2 million, an increase of approximately \$3.7 million from the prior fiscal year. Of that total fund balance, \$13.9 million is unreserved. The unreserved General Fund balance at year-end represents 12.3% of total General Fund expenditures (\$113.71 million).
- ◆ The Town of Glastonbury's total bonded debt increased by \$15.15 million, or 20%, during the current fiscal year. There were \$20.6 million new bonds issued during the fiscal year, and \$5.45 million of existing bonds were redeemed. Total outstanding bonded debt at June 30, 2006 is \$91.025 million.
- ◆ There are several major projects approved at referendum that are either in various stages of completion, such as the high school renovations, the new elementary school and Riverfront Park or have yet to begin construction such as renovations and upgrade to the Waste Water Treatment Plant (WWTP) facility. Current authorized and unissued debt totals \$59.8 million,

\$26.9 of which is for the WWTP which qualifies for funding under the State Clean Water Fund program. Financing under this program is pending State legislative appropriation; however, once authorized it is anticipated that financing for this project will have minimal impact on the general taxpayer due to grants and loans with the State, use of accumulated reserves and payments direct from sewer users. The financial impact of this project will occur after 2008.

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 and 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 1997 and running through the current year.

The Town of Glastonbury implemented the new reporting requirements outlined in GASB 34 effective July 1, 2002 (for the fiscal year ended June 30, 2003). In addition, the Town has fully implemented capital asset reporting including infrastructure even though it was not required to report prior acquisitions of infrastructure until June 30, 2007.

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 of this report.

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 33 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, GHS Renovation Fund and New Elementary School Fund, 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, Substance Abuse Prevention, Grants and Contracts, Police Forfeited Property, Special Gifts/Grants, Camp Sunrise, School Cafeteria, Special Education, various library trust funds and Connecticut. Nonmajor funds which are classified as capital projects funds are Capital Reserve Projects, Town Aid, Sewer Sinking Projects, Land Acquisition, Riverfront Community Center, Middle School Projects, Phelps Street Property, Gateway Project, Wastewater Plant Renovation, Public Safety Communications and Riverfront Park. 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 balance.

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 23.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 17-22 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has one pension trust fund and two agency funds. The basic fiduciary fund financial statements can be found on pages 24 and 25.

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 26-47 of this report.

The notes to this report also contain certain supplementary information concerning the Town of Glastonbury's progress in funding its obligation to provide pension benefits to its employees. This information can be found within the Schedule of Funding Progress on page 44 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 \$171.312 million on June 30, 2006.

Town of Glastonbury
Net Assets
June 30, 2006 and 2005, as Restated
(In 000's)

	2006	2005
Current and other assets	\$ 57,982	\$ 60,633
Capital assets	219,995	188,053
Total assets	277,977	248,686
Long-term liabilities outstanding	96,328	80,239
Other liabilities	10,337	14,601
Total liabilities	106,665	94,840
Net assets:		
Invested in capital assets, net of related debt	127,585	112,178
Unrestricted	43,727	41,668
Total net assets	\$ 171,312	\$ 153,846

By far the largest portion of the Town of Glastonbury's net assets (75%) reflects its investment in capital assets (such as land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of 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, 2006 and 2005, as Restated
(In 000's)

	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,248	\$ 7,757
Operating grants and contributions	13,538	11,042
Capital grants and contributions	12,718	14,003
General revenues:		
Property taxes	96,796	90,545
Grants not restricted to specific purposes	521	223
Unrestricted investment earnings	2,633	1,422
Gain on disposal of capital assets	1,955	12
Total revenues	<u>137,409</u>	<u>125,004</u>
Expenses:		
General government services	2,366	2,181
Community development	1,683	1,554
Administrative services	4,515	4,022
Public safety	9,435	8,389
Physical services	9,836	9,539
Sanitation	2,331	2,124
Human services	2,218	1,771
Leisure/culture	5,566	4,842
Education	78,790	71,387
Interest on long-term debt	3,203	3,121
Total expenses	<u>119,943</u>	<u>108,930</u>
Change in net assets	17,466	16,074
Net assets, beginning, as restated	<u>153,846</u>	<u>137,772</u>
Net assets, ending	<u>\$ 171,312</u>	<u>\$ 153,846</u>

Glastonbury's net assets increased \$17.47 million during the fiscal year. This increase is due primarily to increases in property tax revenues and capital contributions.

Governmental Activities

Approximately 71% of the revenues were derived from property taxes, followed by 10% from operating grants, 9% from capital grants and contributions and 7% from charges for services. The remaining 3% of revenues was derived from investment earnings, other grants that were not restricted for specific purposes and gain on disposal of capital assets.

Major revenue factors included:

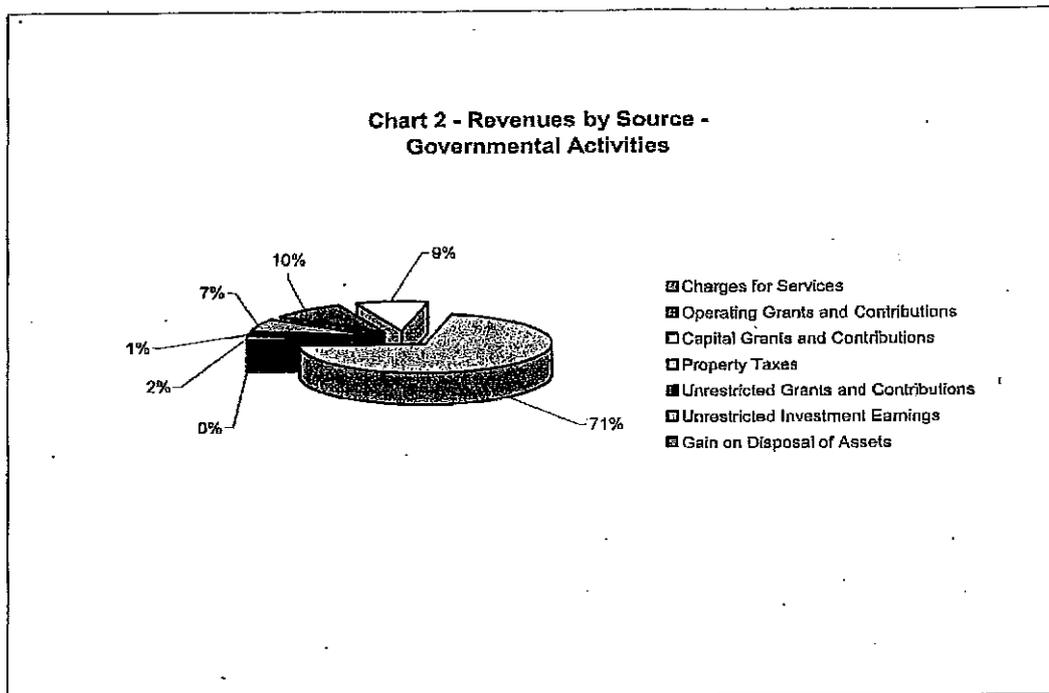
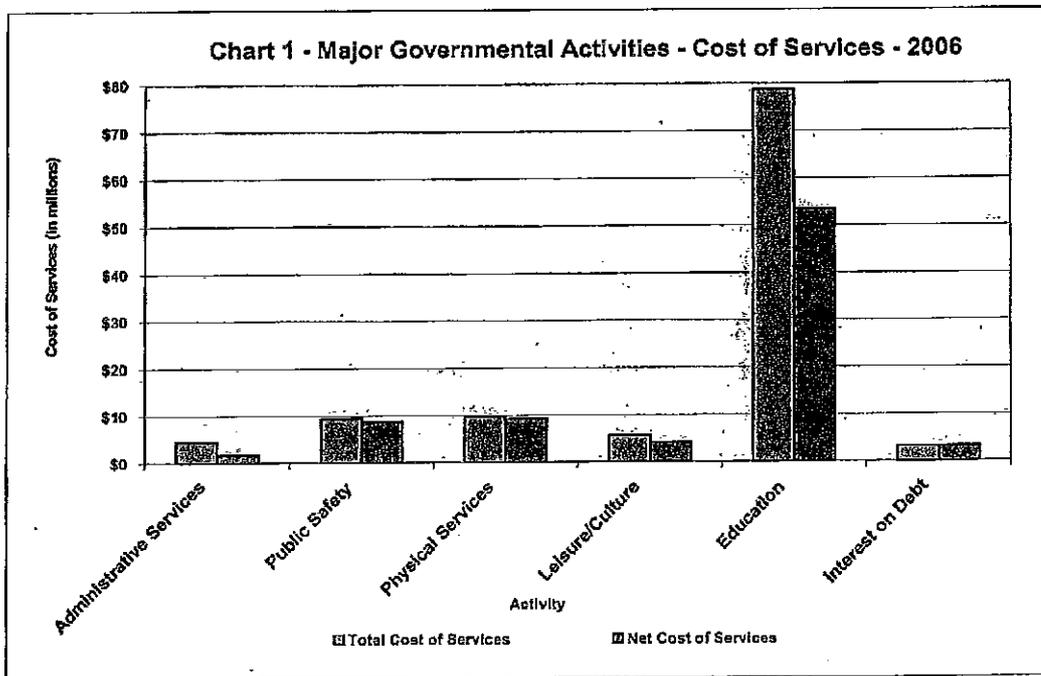
- ◆ Property tax revenues recorded for fiscal year 2006 total \$96.796 million, an increase of 6.90% over 2005. The increase is attributable to a 2% increase in the grand list (\$60.6 million) and an increase in the mill rate from 30.9 to 32.1.
- ◆ Operating grants and contributions increased \$2.5 million primarily due to the increase of payments made by the State to the Teacher's Retirement System on behalf of the Town.
- ◆ Capital grants and contributions reported a net decrease of \$1.29 million. The Town received approximately \$8.3 million more in school construction grant progress payments than in the prior year; however, the Town received donations of roadways valued at approximately \$9.3 million in the prior year that were not duplicated in the current year.
- ◆ Investment income increased by \$1.21 million due to the steadily rising interest rates throughout the year.

For governmental activities, 65.7% of the Town's expenses relate to education. Public safety, physical services, sanitation, human services, parks and recreation and library services account for 24.5% of expenses. The remaining 9.8% relates to government and community services, administration and interest on long-term debt.

Total expenses for the Town increased 10.1%. Education expenses increased by 10.4%, Town operating expenses increased 10.2% and debt increased 2.6%. Major expense factors include:

- ◆ Increases in the Town's operating costs were due primarily to moderate wage increases, significant increases in health-care and pension costs, equipment purchases for public safety, increased costs related to fuel and utilities and initial operating costs associated with the opening of the new community center.
- ◆ The cost of education services increased due to wage agreements, rising school enrollment, increased special education costs and increased fuel and utility costs.

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 the end of the current fiscal year, the Town of Glastonbury's governmental funds reported combined ending fund balances of \$43.29 million, an increase of \$1.74 million as of June 30, 2006. Approximately \$29.13 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 and for capital outlay. Approximately \$14.16 million constitutes unreserved fund balance. Unreserved fund balance of the General and Special Revenue Funds total \$13.93 million and \$12.97 million, respectively, while unreserved fund balance of the Capital Projects Funds totals \$(12.74 million). The deficit in the Capital Projects Funds is primarily due to encumbrances in the GHS Renovation Fund, the New Elementary School Fund, and the Waste Water Plant Renovations 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.

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 \$13.93 million while total fund balance reached \$14.20 million.

As stated earlier, the fund balance of the Town's General Fund increased by \$3.68 million during the current fiscal year. Key factors in this increase are as follows:

- ◆ Sale of approximately 11 acres of Gateway property for the development of medical office space for approximately \$2 million.
- ◆ Building permits issued exceeded expectations by \$528,000. Although the number of residential permits was not significantly greater than the prior year, more of the permits were for high-value homes. In addition, more permits were issued for renovations of residential and commercial properties than had been anticipated.
- ◆ Investment earnings exceeded projections by \$535,900 due to the steadily rising interest rates during the year.
- ◆ The Town received grants totaling \$105,000 for snow removal that had not been budgeted.
- ◆ Town Clerk conveyance fees exceeded budget by \$419,000 due to the increase in the number of transactions recorded, as well as the value of the properties transferred. In addition, the State Legislature maintained the higher rate of conveyance tax for the fiscal year.
- ◆ Sanitation department expenditures were \$117,000 less than expected due to an ongoing position vacancy and favorable bid results for sludge disposal.
- ◆ Other departmental expenditures were less than expected due to position vacancies.

At the close of the year, the Town's other governmental funds reported, on a current financial resource basis, combined ending fund balances of \$29.09 million, a decrease of approximately \$1.94 million from the prior fiscal year. This decrease is largely the result of the timing of resource flows using the current financial resource basis of accounting as follows:

- ◆ The GHS Renovation Fund incurred \$21,600,000 of current year expenditures, of which approximately \$6,886,000 was financed through debt issued in prior years and \$6,480,000 was financed through debt issued in the current year.
- ◆ The Riverfront Community Center incurred \$1,400,000 of current year expenditures for continued construction, of which approximately \$1,200,000 was financed through debt issued in prior years.
- ◆ Of the \$2,750,000 in debt issued to finance the Public Safety Communications, approximately \$1,390,000 was unspent.
- ◆ Of the \$10,000,000 debt issued for the New Elementary School, approximately \$3,470,000 was unspent.
- ◆ Operations of the Special Assessment and Sewer Operating Funds increased fund balance by approximately \$1,360,000.

General Fund Budgetary Highlights

The difference between the original budget and the final amended expenditure budget was \$2,485,992. The original budget was amended by actions as 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 \$1,411,610 due to the receipt of special education excess costs and transportation grants from the State of Connecticut Department of Education and community use custodial fee reimbursements.
- ◆ Carried forward \$279,330 of encumbrances and other commitments from the prior year.
- ◆ Provided \$314,050 to various other programs due to the receipt of grants and contributions not anticipated in the original budget, primarily \$272,450 to appropriate funds received from the Department of Homeland Security for the Fire Department to purchase new self-contained breathing apparatus equipment.
- ◆ Increased education and Town expenditures \$300,000 and \$100,000, respectively, to cover unanticipated significant increases in fuel and utility costs experienced throughout the year.
- ◆ Increased transfers to Sewer Funds for related infrastructure improvements in the amount of \$81,000.

During the year, actual revenues and transfers in on a budgetary basis were \$114.66 million which exceeded budgetary estimates by \$5.13 million. The most significant increases were additional cost-sharing, special education, and magnet school grants totaling \$1,455,000 received from the State of Connecticut Department of Education; building permits of \$528,000 in excess of projections; \$419,000 of conveyance fees collected in excess of budget; \$535,000 of

investment earnings in excess of expectations and \$2,000,000 in land sales as a result of the sale of approximately 11 acres of the Town-owned Gateway property.

Actual expenditures and transfers out on a budgetary basis totaled \$110.98 million, which is \$727,000 less than the budget of \$111.71 million. In accordance with the Town Charter, the fiscal year 2006 budget included a planned draw down of fund balance of \$550,000. However, with the receipt of unbudgeted revenues and positive expenditure variances, specifically in General Government, Administrative Services and Sanitation, the Town ended the year with a net increase in fund balance of \$3.68 million.

Capital Asset and Debt Administration

Capital Assets. The Town of Glastonbury's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$334.86 million on a gross basis and \$220.00 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 current fiscal year was \$38.3 million.

Town of Glastonbury Capital Assets June 30, 2006 and 2005

	2006	2005
Governmental funds capital assets:		
Land	\$ 24,742,431	\$ 22,910,857
Development rights	50,539	
Construction in progress	56,048,826	28,319,378
Buildings	103,730,994	98,169,401
Machinery and equipment	4,884,024	4,522,573
Improvements other than buildings	4,604,583	3,518,127
Vehicles and construction equipment	13,956,656	12,483,829
Infrastructure	126,843,816	126,644,120
Total governmental funds capital assets	\$ 334,861,869	\$ 296,568,285

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

- ◆ Construction continued on the high school renovation project funded at \$49.33 million. As of June 30, 2006, a total of \$38.55 million had been expended.
- ◆ Several land parcels were acquired for use as open space in the amount of \$1.85 million.
- ◆ The design phase continued for the Wastewater Treatment Plant Renovation Project, which is funded at \$26.9 million. Total expenditures through June 30, 2006 were \$1.37 million.

- ◆ The Riverfront Community Center, funded at \$6.59 million, opened for operation in August 2005. Expenditures through June 30, 2006 total \$6.35 million. At June 30, 2006, \$6.2 million was transferred out of construction in progress and capitalized.
- ◆ Construction continued on the new elementary school funded at \$28.75 million. As of June 30, 2006, a total of \$10.56 million had been expended.
- ◆ Purchase and construction of a new Public Safety Communications System in the amount of \$3.1 million was approved at referendum. At June 30, 2006, expenditures to date were \$1.4 million.
- ◆ Other major capital items included the purchase of fire apparatus in the amount of \$647,000, construction of sewer pump stations in the amount of \$1.4 million and the purchase of highway vehicles in the amount of \$205,000.

Additional information on the Town of Glastonbury's capital assets can be found on page 37 of this report. Capital project expenditures can be found on pages 83-86 of the report.

Long-Term Debt. At the end of the current fiscal year, the Town of Glastonbury had total bonded debt outstanding of \$91,025,000. 100% of this debt is backed by the full faith and credit of the Town government. The Town of Glastonbury obtained a AAA rating from Standard and Poor's and maintains 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 \$675,736,383. As of June 30, 2006, the Town recorded long-term debt of \$91,025,000, well below its statutory debt limits.

Additional information on the Town of Glastonbury's long-term debt can be found in note 3G on pages 40 through 42 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

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 49,611,954
Receivables, net:	
Property taxes	248,052
Special assessments	871,823
Accounts receivable	1,045,273
Federal and state governments	4,951,420
Inventory	189,115
Deferred charges	878,374
Pension asset	159,332
Other assets	26,326
Capital assets, nondepreciable	80,841,796
Capital assets, net of accumulated depreciation	<u>139,153,339</u>
Total assets	<u>277,976,804</u>
Liabilities:	
Accounts payable and accrued liabilities	6,887,978
Due to developers for escrow deposits	1,740,234
Due to others for escrow deposits	597,312
Unearned revenue	412,217
Accrued interest payable	699,290
Noncurrent liabilities:	
Due within one year	6,860,675
Due in more than one year	<u>89,467,102</u>
Total liabilities	<u>106,664,808</u>
Net Assets:	
Investment in capital assets, net of related debt	127,585,226
Unrestricted	<u>43,726,770</u>
Total Net Assets	<u>\$ 171,311,996</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
General government services	\$ 2,365,990	\$ 1,301,901	\$ 35,747	\$ (2,365,990)	
Community development	1,682,676	2,207,415	605,619	(345,028)	
Administrative services	4,514,758	327,398	85,765	(1,701,724)	
Public safety	9,455,000	30,124	105,446	(8,752,887)	
Physical services	9,836,416	2,347,643	417,161	(9,224,328)	
Sanitation	2,331,232	106,572	66,254	361,724	
Human services	2,218,695	941,539	12,222,166	(1,665,167)	
Leisure/culture	5,565,625	1,985,335		(4,087,181)	
Education	78,790,256			(53,456,047)	
Interest on long-term debt	3,203,207			(3,203,207)	
Total Governmental Activities	\$ 119,943,855	\$ 9,247,927	\$ 13,538,158	\$ (84,439,835)	
General revenues:					
Property taxes				96,796,284	
Grants and contributions not restricted to specific programs				521,025	
Unrestricted investment earnings				2,633,085	
Gain on disposal of capital assets				1,954,942	
Total general revenues				101,905,336	
Change in net assets				17,465,501	
Net Assets at Beginning of Year, as Restated				153,846,495	
Net Assets at End of Year				\$ 171,311,996	

The accompanying notes are an integral part of the financial statements

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TOWN OF GLASTONBURY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2006

	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Special Assessment Fund</u>
ASSETS			
Cash and cash equivalents	\$ 18,057,764	\$ 4,027,296	\$ 10,563,555
Receivables, net:			
Property taxes	248,052		
Assessments and use charges			837,271
Intergovernmental	103,416		
Other	691,478	734	3,554
Inventory	171,246		
Due from other funds		650,000	
Other assets	26,326		
Total Assets	<u>\$ 19,298,282</u>	<u>\$ 4,678,030</u>	<u>\$ 11,404,380</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other payables	\$ 2,066,104	\$	\$
Due to other funds		4,041,702	
Due to developers for escrow deposits	1,740,234		
Due to others for escrow deposits	597,312		
Deferred revenues	692,330		837,271
Total liabilities	<u>5,095,980</u>	<u>4,041,702</u>	<u>837,271</u>
Fund balances:			
Reserved for:			
Encumbrances	51,096		
Inventory	171,246		
Capital outlay	47,500		
Unreserved, reported in:			
General fund	13,932,460		
Special revenue funds		636,328	10,567,109
Capital projects funds			
Total fund balances	<u>14,202,302</u>	<u>636,328</u>	<u>10,567,109</u>
Total Liabilities and Fund Balances	<u>\$ 19,298,282</u>	<u>\$ 4,678,030</u>	<u>\$ 11,404,380</u>

The accompanying notes are an integral part of the financial statements

<u>Sewer Operating Fund</u>	<u>GHS Renovation Fund</u>	<u>New Elementary School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,918,272	\$ 5,672,267	\$ 5,611,097	\$ 3,761,703	\$ 49,611,954
				248,052
22,052				859,323
	593,800	1,223,722	288,060	2,208,998
19,499			282,008	997,273
			17,869	189,115
		142,069	4,041,702	4,833,771
				26,326
<u>\$ 1,959,823</u>	<u>\$ 6,266,067</u>	<u>\$ 6,976,888</u>	<u>\$ 8,391,342</u>	<u>\$ 58,974,812</u>
\$	\$ 811,366	\$ 3,501,968	\$ 508,540	\$ 6,887,978
			792,069	4,833,771
				1,740,234
				597,312
22,052			68,917	1,620,570
<u>22,052</u>	<u>811,366</u>	<u>3,501,968</u>	<u>1,369,526</u>	<u>15,679,865</u>
	8,069,112	11,352,673	7,938,133	27,411,014
			17,869	189,115
1,484,430				1,531,930
				13,932,460
453,341			1,314,731	12,971,509
	(2,614,411)	(7,877,753)	(2,248,917)	(12,741,081)
<u>1,937,771</u>	<u>5,454,701</u>	<u>3,474,920</u>	<u>7,021,816</u>	<u>43,294,947</u>
<u>\$ 1,959,823</u>	<u>\$ 6,266,067</u>	<u>\$ 6,976,888</u>	<u>\$ 8,391,342</u>	<u>\$ 58,974,812</u>

TOWN OF GLASTONBURY, CONNECTICUT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2006

Amounts reported for governmental activities in the statement of net assets (page 15) are different because of the following:

Fund balances - total governmental funds (page 18)	\$ 43,294,947
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 334,861,869	
Less accumulated depreciation	<u>(114,866,734)</u>	
Net capital assets		219,995,135

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	878,374
Property tax receivables greater than 60 days	1,208,353
Interest receivable on sewer assessments	60,500
Pension asset	159,332
Receivable from the state for school construction projects	2,742,422

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(91,025,000)
Bond premium	(1,006,159)
Interest payable on bonds	(699,290)
Notes payable	(378,750)
Compensated absences	<u>(3,917,868)</u>

Net Assets of Governmental Activities (page 15)	<u>\$ 171,311,996</u>
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The accompanying notes are an integral part of the financial statements

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TOWN OF GLASTONBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>
Revenues:		
Property taxes	\$ 96,403,227	\$
Licenses and permits	1,332,325	
Intergovernmental	7,530,085	
Charges for services	2,888,823	
Investment income	1,385,948	217,334
Other revenues	3,797,255	19,848
State payment for teacher's retirement system	4,356,558	
Total revenues	<u>117,694,221</u>	<u>237,182</u>
Expenditures:		
Current:		
General government	2,243,732	
Community development	1,636,712	
Administrative services	4,874,536	
Public safety	8,619,276	
Physical services	5,123,058	
Sanitation	2,107,488	
Human services	2,135,477	
Leisure/culture	5,012,640	
Contingency	37,994	
Education	68,918,999	
State payment for teacher's retirement system	4,356,558	
Debt service	8,648,220	
Capital outlay		
Total expenditures	<u>113,714,690</u>	<u></u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,979,531</u>	<u>237,182</u>
Other Financing Sources (Uses):		
Issuance of bonds		
Premium on bonds issued		
Issuance of notes	403,750	
Transfers in	1,322,991	2,396,040
Transfers out	(2,025,000)	(4,139,525)
Total other financing sources (uses)	<u>(298,259)</u>	<u>(1,743,485)</u>
Net Change in Fund Balances	3,681,272	(1,506,303)
Fund Balances at Beginning of Year	<u>10,521,030</u>	<u>2,142,631</u>
Fund Balances at End of Year	<u>\$ 14,202,302</u>	<u>\$ 636,328</u>

The accompanying notes are an integral part of the financial statements

<u>Special Assessment Fund</u>	<u>Sewer Operating Fund</u>	<u>GHS Renovation Fund</u>	<u>New Elementary School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 332,813	\$	\$	\$	\$	\$ 96,736,040
		7,970,304	2,852,885	3,023,014	1,332,325
	1,716,357			1,439,545	21,376,288
473,144	122,706	209,254	122,036	102,663	6,044,725
	30,905			664,626	2,633,085
					4,512,634
					4,356,558
<u>805,957</u>	<u>1,869,968</u>	<u>8,179,558</u>	<u>2,974,921</u>	<u>5,229,848</u>	<u>136,991,655</u>
					2,243,732
					1,636,712
	5,267			127,828	5,007,631
				305,770	8,925,046
					5,123,058
					2,107,488
					2,135,477
				62,617	5,075,257
					37,994
				3,617,811	72,536,810
					4,356,558
					8,648,220
		21,603,458	9,450,255	7,553,494	38,607,207
	5,267	21,603,458	9,450,255	11,667,520	156,441,190
<u>805,957</u>	<u>1,864,701</u>	<u>(13,423,900)</u>	<u>(6,475,334)</u>	<u>(6,437,672)</u>	<u>(19,449,535)</u>
		6,480,000	10,000,000	4,120,000	20,600,000
		57,583	88,845	36,606	183,034
					403,750
10,075				4,363,642	8,092,748
(77,992)	(1,244,999)			(605,232)	(8,092,748)
<u>(67,917)</u>	<u>(1,244,999)</u>	<u>6,537,583</u>	<u>10,088,845</u>	<u>7,915,016</u>	<u>21,186,784</u>
738,040	619,702	(6,886,317)	3,613,511	1,477,344	1,737,249
<u>9,829,069</u>	<u>1,318,069</u>	<u>12,341,018</u>	<u>(138,591)</u>	<u>5,544,472</u>	<u>41,557,698</u>
\$ <u>10,567,109</u>	\$ <u>1,937,771</u>	\$ <u>5,454,701</u>	\$ <u>3,474,920</u>	\$ <u>7,021,816</u>	\$ <u>43,294,947</u>

TOWN OF GLASTONBURY, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the statement of activities (page 16) are different because of the following:

Net change in fund balances - total governmental funds (page 21)	\$ 1,737,249
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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	38,949,822
Depreciation expense	(7,294,544)

Disposal of capital assets	(65,488)
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Donated capital assets are accounted for at their fair value at date of donation in the statement of activities as revenue	352,821
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	393,057
Interest income on sewer assessments	12,500
Intergovernmental revenue on school bonds	(537,297)

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.

Bond proceeds	(20,600,000)
Premium on bonds issued	(183,034)
Bond issuance costs	79,119
Accrued interest	(10,908)
Principal payments	5,475,000
Note proceeds	(403,750)

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

Amortization of bond issuance costs and bond premium	5,921
Amortization of pension asset	(1,228)
Change in long-term compensated absences	<u>(443,739)</u>

Change in Net Assets of Governmental Activities (page 16)	\$ <u>17,465,501</u>
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The accompanying notes are an integral part of the financial statements

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, 2006

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property taxes	\$ 96,059,129	\$ 96,059,129	\$ 96,403,227	\$ 344,098
Licenses and permits	787,900	787,900	1,332,325	544,425
Intergovernmental	5,683,995	5,956,445	7,530,085	1,573,640
Charges for services	2,367,400	2,367,400	2,888,823	521,423
Other revenue	2,453,517	2,453,517	5,183,203	2,729,686
Total revenues	<u>107,351,941</u>	<u>107,624,391</u>	<u>113,337,663</u>	<u>5,713,272</u>
Expenditures:				
- Current:				
General government	2,332,401	2,383,401	2,243,732	139,669
Community development	1,676,959	1,676,959	1,636,712	40,247
Administrative services	4,872,581	4,976,274	4,874,536	101,738
Public safety	8,331,251	8,694,262	8,619,276	74,986
Physical services	5,115,455	5,192,090	5,123,058	69,032
Sanitation	2,146,172	2,227,172	2,107,488	119,684
Human services	2,083,315	2,226,039	2,135,477	90,562
Leisure/culture	4,662,318	4,669,335	4,608,890	60,445
Contingency	175,000	50,597	37,994	12,603
Education	67,163,424	68,936,836	68,918,999	17,837
Debt service	8,636,317	8,648,220	8,648,220	-
Total expenditures	<u>107,195,193</u>	<u>109,681,185</u>	<u>108,954,382</u>	<u>726,803</u>
Excess (Deficiency) of Revenues over Expenditures	<u>156,748</u>	<u>(2,056,794)</u>	<u>4,383,281</u>	<u>6,440,075</u>
Other Financing Sources (Uses):				
Transfers in	1,868,252	1,906,252	1,322,991	(583,261)
Transfers out	2,025,000	2,025,000	2,025,000	-
Total other financing uses	<u>(156,748)</u>	<u>(118,748)</u>	<u>(702,009)</u>	<u>(583,261)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>(2,175,542)</u>	3,681,272	\$ <u>5,856,814</u>
Fund Balance at Beginning of Year			<u>10,521,030</u>	
Fund Balance at End of Year			\$ <u>14,202,302</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2006

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ _____	\$ <u>796,235</u>
Investments, at fair value:		
Equity - domestic	31,168,305	
Equity - international	11,219,368	
Real estate	3,940,542	
Fixed income	<u>29,618,983</u>	
Total investments	<u>75,947,198</u>	<u>-</u>
 Total assets	 <u>75,947,198</u>	 <u>796,235</u>
Liabilities		
Due to student groups		785,621
Due to others		<u>10,614</u>
Total liabilities	<u>-</u>	<u>796,235</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 75,947,198</u>	 <u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GLASTONBURY, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

(With Comparative Totals for 2005)

	Pension Trust Funds	
	<u>2006</u>	<u>2005</u>
Additions:		
Contributions:		
Employer	\$ 1,359,325	\$ 1,389,600
Employee	1,003,219	864,146
Total contributions	<u>2,362,544</u>	<u>2,253,746</u>
Investment income:		
Net appreciation in fair value of investments	4,680,280	3,848,850
Interest and dividends	1,975,198	1,659,374
Other investment income	180,292	155,490
Total investment earnings	<u>6,835,770</u>	<u>5,663,714</u>
Less investment expenses:		
Investment management fees	326,986	286,128
Net investment income	<u>6,508,784</u>	<u>5,377,586</u>
Total additions	<u>8,871,328</u>	<u>7,631,332</u>
Deductions:		
Benefit payments	3,423,161	3,005,013
Administration fees	121,797	163,640
Total deductions	<u>3,544,958</u>	<u>3,168,653</u>
Change in net assets	5,326,370	4,462,679
Net Assets Held in Trust at Beginning of Year	<u>70,620,828</u>	<u>66,158,149</u>
Net Assets Held in Trust at End of Year	<u>\$ 75,947,198</u>	<u>\$ 70,620,828</u>

The accompanying notes are an integral part of the financial statements

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TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 No. 14 have been considered, and there are no agencies or entities which should be presented with the Town.

B. 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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

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, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. 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 and claims and judgments, are recorded only when payment is due.

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

The *GHS Renovation Fund* is used to account for the renovations to Glastonbury High School.

The *New Elementary School Fund* is used to account for the construction of a new elementary school.

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.

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.

C. 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.

D. Investments

Investments are recorded at fair value based on quoted market prices.

E. 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.

F. 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

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

G. 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.

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings 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.

H. 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.)

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

I. 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, are reported as debt service expenditures.

J. 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

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.

Funding Policy

The Town funds the contributions to its pension plan based on the actuarial required valuations.

K. 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.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

L. 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.

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

Undesignated and Unreserved Fund Balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

M. 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.

N. 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.

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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 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.

There is an annual adoption in the current year of the five-year Capital Improvement Program. The program has two processes: a planning process and a budgetary process. Each December, 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.

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, 2006, supplemental appropriations in the amount of \$2,485,992 were approved by the Council and the Board of Finance.

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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	\$ 113,337,663
On-behalf payments, paid directly by the State of Connecticut Teachers' Retirement System, not recognized for budgetary purposes	<u>4,356,558</u>
Revenues, GAAP Basis	<u>\$ 117,694,221</u>

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	\$ 108,954,382
On-behalf payments, paid directly by the State of Connecticut Teachers' Retirement System not recognized for budgetary purposes	<u>4,356,558</u>
Issuance of notes	<u>403,750</u>
Expenditures, GAAP Basis	<u>\$ 113,714,690</u>

A reconciliation of other financing sources (uses) of the General Fund, presented in accordance with GAAP, and other financing sources (uses) presented on the budgetary basis, is as follows:

Total other financing sources (uses), budgetary basis	\$ (702,009)
Issuance of notes	<u>403,750</u>
Total other financing sources (uses), GAAP Basis	<u>\$ (298,259)</u>

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2006:

Special Revenue:	
Dog Fund	\$ 2,027
Capital Projects:	
Middle School Projects	650,000
Riverfront Park	64,684
Wastewater Plant Renovation	173,403

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The deficit in the Dog Fund will be funded by future appropriations, and the deficit in the Middle School Projects is expected to be substantially offset by school construction grants upon final audit by the State Department of Education. Deficits in the Riverfront Park and Wastewater Plant Renovation Funds will be funded by additional permanent financing, grants, loans and donations.

3. DETAILED NOTES ON ALL FUNDS

A. Cash 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. 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	29%
Mid-capitalization U.S. equity	6%
Small capitalization U.S. equity	6%
International equity	15%
Real estate equity	5%
Fixed income	39%

Custodial Credit Risk - This is the risk of loss due to the failure of a financial institution, security issuer or security backer. The Town's policy is to mitigate credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions with which it will do business and monitoring its investments in order to anticipate and respond appropriately to a significant reduction of credit worthiness of any of the depositories.

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

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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.

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 33% 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, 2006, \$4,039,549 of the Town's bank balance of \$15,439,549 was exposed to custodial credit risk as follows: \$3,517,054 was uninsured and uncollateralized and \$522,495 was uninsured and collateral was held by the pledging bank's trust department, not in the Town's name.

Investment Custodial 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. As of June 30, 2006, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Certificates of deposit Insurance company general accounts - pension	n/a	\$ 20,000,000	\$ 20,000,000		\$
Insurance company separate accounts - pension	n/a	9,699,175	9,699,175		
State of CT STIF	AAAm	66,248,023	66,248,023		
MBIA Class Plus	AAA	122,541	122,541		
Total Investments		\$ 112,444,978	\$ 112,444,978	\$ -	\$ -

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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.

B. Fund Receivables

Receivables at June 30, 2006, including the applicable allowances for collection losses, are as follows:

	<u>General Fund</u>	<u>GHS Renovation Fund</u>	<u>Special Assessment Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 433,052	\$	\$	\$	\$	\$ 433,052
Federal and state grants		593,800			288,060	881,860
Assessments and use charges			930,271	30,347		960,618
Other	<u>691,478</u>		<u>3,554</u>	<u>19,499</u>	<u>282,008</u>	<u>996,539</u>
Total gross receivables	1,124,530	593,800	933,825	49,846	570,068	3,272,069
Allowance for collection losses	<u>185,000</u>		<u>93,000</u>	<u>8,295</u>		<u>286,295</u>
Total - Governmental Activities	<u>\$ 939,530</u>	<u>\$ 593,800</u>	<u>\$ 840,825</u>	<u>\$ 41,551</u>	<u>\$ 570,068</u>	<u>\$ 2,985,774</u>

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

General Fund:	
Uncollectible related to property taxes	\$ 55,500
Special Assessment Fund	15,428
Sewer Operating Fund	8,295

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 also defer revenue recognition 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	\$ 248,052	\$
Other	100,978	
Property taxes collected in advance		343,300
Special Assessment Fund:		
Delinquent assessments receivable	837,271	
Sewer Operating Fund:		
Delinquent charges receivable	22,052	
Special Revenue Fund - Special Education Grants:		
Various education grants		68,917
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,208,353	\$ 412,217

C. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,910,857	\$ 1,851,732	\$ 20,158	\$ 24,742,431
Development rights		50,539		50,539
Construction in progress	28,319,378	36,071,148	8,341,700	56,048,826
Total capital assets not being depreciated	51,230,235	37,973,419	8,361,858	80,841,796
Capital assets being depreciated:				
Land improvements	3,518,127	1,086,456		4,604,583
Buildings and improvements	98,169,401	5,637,593	76,000	103,730,994
Machinery and equipment	17,006,402	2,742,626	908,348	18,840,680
Infrastructure	126,644,120	204,249	4,553	126,843,816
Total capital assets being depreciated	245,338,050	9,670,924	988,901	254,020,073
Less accumulated depreciation for:				
Land improvements	1,617,691	189,644		1,807,335
Buildings and improvements	27,393,072	1,960,852	56,998	29,296,926
Machinery and equipment	9,579,981	904,970	882,020	9,602,931
Infrastructure	69,925,017	4,239,078	4,553	74,159,542
Total accumulated depreciation	108,515,761	7,294,544	943,571	114,866,734
Total capital assets being depreciated, net	136,822,289	2,376,380	45,330	139,153,339
Governmental Activities Capital Assets, Net	\$ 188,052,524	\$ 40,349,799	\$ 8,407,188	\$ 219,995,135

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Governmental activities:	
General government	\$ 31,869
Community development	8,054
Administrative services	10,237
Public safety	439,536
Physical services	4,464,320
Sanitation	206,242
Human services	101,028
Leisure/culture	257,613
Education	<u>1,775,645</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 7,294,544</u>

Construction Commitments

The Town has the following construction commitments as of June 30, 2006:

	Project Authorization	Expended to June 30, 2006	Encumbered at June 30, 2006
Capital Reserve Fund:			
Town Hall Refurbishment	\$ 225,000	\$ 31,334	\$ 59,598
Bell Street Bridge	388,075	145,446	1,065
Main Street Resurface	1,948,480	239,594	1,638,279
Naubuc Bridge Wall	125,500	76,660	2,524
Welles Naubuc Sidewalks	85,650	79,969	5,425
Welles Property Improvements	488,246	487,980	266
Riverfront Park Extension	100,000	47,344	20,491
GHS Rooftop Units	407,250	389,775	8,726
Naubuc School Siding/Gym Floor	348,000	266,097	75,541
Complex Funding/Grants:			
Wastewater Plant Renovations	26,900,000	1,366,669	1,331,309
GHS Renovation and Addition	49,328,889	38,553,485	8,069,112
New Elementary School	28,750,000	10,563,240	11,352,673
Riverfront Park	4,250,000	116,940	3,111,745
Riverfront Community Center	<u>6,588,415</u>	<u>6,345,323</u>	<u>126,563</u>
Total	<u>\$ 119,933,505</u>	<u>\$ 58,709,856</u>	<u>\$ 25,803,317</u>

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

D. Interfund Receivables, Payables and Transfers

As of June 30, 2006, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital and Nonrecurring Expenditures	Nonmajor Governmental Funds	\$ 650,000
New Elementary School	Nonmajor Governmental Funds	142,069
Nonmajor Governmental Funds	Capital and Nonrecurring Expenditures Fund	<u>4,041,702</u>
 Total		 \$ <u>4,833,771</u>

The balance of \$4,041,702 due to nonmajor funds represents amounts committed to fund various capital projects.

Interfund transfers during the year ended June 30, 2006 were as follows:

	<u>Transfers Out</u>					<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Special Assessment Fund</u>	<u>Sewer Operating Fund</u>	<u>Nonmajor Funds</u>	
Transfers in:						
General Fund	\$	\$	\$ 77,992	\$ 1,244,999	\$	\$ 1,322,991
Capital and Nonrecurring	2,000,000				396,040	2,396,040
Special Assessment					10,075	10,075
Nonmajor Funds	<u>25,000</u>	<u>4,139,525</u>			<u>199,117</u>	<u>4,363,642</u>
 Total Transfers Out	 <u>\$ 2,025,000</u>	 <u>\$ 4,139,525</u>	 <u>\$ 77,992</u>	 <u>\$ 1,244,999</u>	 <u>\$ 605,232</u>	 <u>\$ 8,092,748</u>

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.

E. Bond Anticipation Notes Payable and Subsequent Event

Bond anticipation note transactions for the year ended June 30, 2006 were as follows:

Outstanding, June 30, 2005	\$ 3,000,000
New borrowings	-
Repayments	<u>(3,000,000)</u>
 Outstanding, June 30, 2006	 \$ <u>-</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The following new bond anticipation notes were issued after year-end to finance construction of the Riverfront Park project:

<u>Date of Issue</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
August 22, 2006	\$3,500,000	3.62%	May 15, 2007

F. General Obligation Bonds - Prior Year Defeasance

As of June 30, 2006, the principal amount of defeased debt outstanding, but removed from the government-wide statements, amounted to \$12,400,000. The balance in escrow was \$12,481,128 at June 30, 2006.

G. Long-Term Debt

Long-term debt activity for the year ended June 30, 2006 was as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deduct-ions</u>	<u>Balance June 30, 2006</u>	<u>Due within One Year</u>
Schools:									
School bonds	\$2,565,000	8/15/88	8/15/08	6.9-7.03	\$ 513,000	\$	\$ 128,250	\$ 384,750	\$ 128,250
School bonds	5,000,000	10/15/90	10/15/06	8.0-6.0	660,000		330,000	330,000	330,000
School bonds	12,000,000	4/1/99	8/1/18	4.42	8,900,000		650,000	8,250,000	650,000
School bonds	3,400,000	3/1/02	3/1/22	3.25-4.8	2,830,000		190,000	2,640,000	190,000
School bonds	13,040,000	6/15/04	6/15/24	3.0-4.0	12,385,000		655,000	11,730,000	655,000
Refunding bonds	18,211,695	12/28/04	6/30/19	3.0-5.0	18,211,695		1,551,861	16,659,834	1,588,461
School bonds	13,340,000	5/15/05	5/15/25	3.1-4.25	13,340,000		667,000	12,673,000	667,000
School bonds	16,480,000	5/15/06	5/15/21	4.0-5.0	-	16,480,000		16,480,000	745,000
Total schools					<u>56,839,695</u>	<u>16,480,000</u>	<u>4,172,111</u>	<u>69,147,584</u>	<u>4,953,711</u>
General purpose:									
Improvement bonds	1,835,000	8/15/88	8/15/08	6.9-7.03	287,000		71,750	215,250	71,750
Improvement bonds	2,000,000	10/15/90	10/15/06	8.0-6.0	260,000		130,000	130,000	130,000
Improvement bonds	2,100,000	12/15/98	2/15/18	4.125-4.7	1,300,000		100,000	1,200,000	100,000
Improvement bonds	2,250,000	3/1/02	3/1/22	3.25-4.8	1,920,000		110,000	1,810,000	110,000
Improvement bonds	6,960,000	6/15/04	6/15/24	3.0-4.0	6,615,000		345,000	6,270,000	345,000
Refunding bonds	3,493,305	12/28/04	6/30/19	3.0-5.0	3,493,305		263,139	3,230,166	271,539
Improvement bonds	5,160,000	5/15/05	5/15/25	3.1-4.25	5,160,000		258,000	4,902,000	258,000
Improvement bonds	4,120,000	5/15/06	5/15/21	4.0-5.0	-	4,120,000		4,120,000	240,000
Total general purpose					<u>19,035,305</u>	<u>4,120,000</u>	<u>1,277,889</u>	<u>21,877,416</u>	<u>1,526,289</u>
Total Bonds					<u>75,875,000</u>	<u>20,600,000</u>	<u>5,450,000</u>	<u>91,025,000</u>	<u>6,480,000</u>
Issuance Premium	1,109,094	Var.	Var.	n/a	890,209	183,034	67,084	1,006,159	-
Notes:									
Land-Naubuc/Ph	21,000	8/14/02	10/15/07	n/a	-	160,000	25,000	135,000	30,000
Land-Marchland	243,750	7/22/05	9/1/07	n/a	-	243,750		243,750	121,875
Total notes					<u>-</u>	<u>403,750</u>	<u>25,000</u>	<u>378,750</u>	<u>151,875</u>
Compensated Absences					3,474,129	1,478,527	1,034,788	3,917,868	228,800
Total General Long-Term Obligations					<u>\$ 80,239,338</u>	<u>\$ 22,665,311</u>	<u>\$ 6,576,872</u>	<u>\$ 96,327,777</u>	<u>\$ 6,860,675</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 6,480,000	\$ 3,738,800	\$ 10,218,800
2008	6,075,000	3,487,763	9,562,763
2009	6,395,000	3,244,800	9,639,800
2010	6,165,000	3,005,188	9,170,188
2011	6,135,000	2,785,225	8,920,225
2012-2016	27,160,000	10,491,413	37,651,413
2017-2021	21,075,000	5,000,625	26,075,625
2022-2026	11,540,000	1,295,919	12,835,919
	<u>\$ 91,025,000</u>	<u>\$ 33,049,733</u>	<u>\$ 124,074,733</u>

Notes payable in the amount of \$403,750 have been issued to purchase land. Of that amount, \$151,875 is due in fiscal year 2007 and the remaining amount of \$226,875 is due in fiscal year ending June 30, 2008.

The following is a schedule of bonds authorized and unissued at June 30, 2006:

<u>Description</u>	<u>Bonds Authorized and Unissued</u>
Land/Open Space	\$ 3,730,000
Environmental Remediation	500,000
Community Center	320,000
High School	5,979,251
New Elementary School	16,930,837
Public Safety Communications Center	350,000
Water Waste Treatment Plant Upgrade	26,900,000
Riverfront Park	4,250,000
Smith Middle School	832,544
Total	<u>\$ 59,792,632</u>

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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	\$ 217,200,980	\$ 31,027,416	\$ 186,173,564
Schools	434,401,961	90,147,794	344,254,167
Sewers	362,001,634	26,900,000	335,101,634
Urban Renewal	313,734,749	-	313,734,749
Pension Deficit	289,601,307	-	289,601,307

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$676 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 \$2,742,422 for completed projects. The Town is also eligible for grant progress payments on the construction of Smith Middle School and renovations to Gideon Welles in the amount of \$635,564.

4. EMPLOYEE RETIREMENT PLAN

A. 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.

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Plan membership consisted of the following at January 1, 2006, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries currently receiving benefits	210
Terminated employees entitled to benefits, but not yet receiving them	72
Current plan members	427
Inactive members	4
Disabled members	<u>1</u>
Total	<u>714</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) of that portion of such earnings which are in excess of the maximum amount of annual earnings subject to Social Security Tax.

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.

The Town's annual pension cost and net pension obligation (asset) to the Plan for the year ended June 30, 2006 were as follows:

Annual required contribution	\$ 1,359,325
Interest on net pension obligation	(14,049)
Adjustment to annual required contribution	<u>15,277</u>
Annual pension cost	1,360,553
Contributions made	<u>1,359,325</u>
Increase in net pension obligation	1,228
Net pension asset at beginning of year	<u>(160,560)</u>
Net Pension Asset at End of Year	<u>\$ (159,332)</u>

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/04	\$ 879,804	\$ 879,804	100%	\$ -
6/30/05	1,229,040	1,389,600	113	(160,560)
6/30/06	1,360,553	1,359,325	100	(159,332)

Concentrations

Investments which represent greater than 5% of net assets at June 30, 2006 are as follows:

Dryden S&P 500	\$ 22,187,038
Private Placement Fund	11,273,946
Core Bond BSAM	11,018,921
International/The Boston Company Fund	6,165,354
Guaranteed Deposit Account	5,394,808
Prudential Real Estate	3,932,287

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2005	\$ 1,359,325	100.0%
2004	1,229,040	113.1%
2003	879,804	100.0%
2002	672,738	100.0%
2001	355,482	100.0%
2000	572,829	100.0%

Schedule of Funding Progress

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
1/1/06	\$ 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%
1/1/03	65,717,755	65,155,421	(562,334)	100.86%	17,520,307	(3.21)%
1/1/02	63,934,312	61,662,876	(2,271,436)	103.68%	16,235,262	(13.99)%
1/1/01	60,626,229	56,233,933	(4,392,296)	107.81%	14,811,909	(29.65)%

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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:

Valuation date	January 1, 2006
Actuarial cost method	Frozen Entry Age Normal Method
Amortization method	Level Dollar Open
Remaining amortization period	30 Years Constant
Asset valuation method	General Account - Stated contract value of funds Separate Accounts - Exponential smoothing of market appreciation
Actuarial assumptions:	
Investment rate of return	8.75%
Projected salary increases	4.50%
(includes inflation)	3.50%

B. 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 State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

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 \$4,356,558 for the year ended June 30, 2006.

TOWN OF GLASTONBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. OTHER INFORMATION

A. 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 155 members. The Town paid premiums of \$518,640 for the LAP pool program and \$330,000 for excess umbrella liability during the fiscal year ended June 30, 2006 for the provisions of general business liabilities, umbrella liability and various other coverages. The policy contains various deductibles for each type of coverage. There were no significant reductions from the previous year in insurance coverages during the fiscal year ended June 30, 2006. All policy deductibles and uninsured losses are funded by insurance accounts included under Administrative Services in the General Fund. At June 30, 2006, 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, 2006, 2005, 2004 and 2003.

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 219 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period 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 2005-2006 was \$791,998. 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.

B. Fund Balance - Designated for Specific Purposes

The following is a summary of fund balances designated for specific purposes:

General Fund:		
Insurance	\$	275,000
Subsequent year's expenditures		550,000
Specific purposes		14,776
Special Revenue Funds:		
Specific purposes		122,045
Capital Projects Funds:		
Individual projects unexpended balance of appropriations		2,886,818

TOWN OF GLASTONBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

C. Other Postemployment Benefits

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees. Substantially all of the Town's employees may be eligible for these benefits if they become eligible for retirement while working for the Town. The Town recognizes the cost of providing these benefits by expending the annual insurance premiums on the pay-as-you-go method, which were \$154,210 for the year ended June 30, 2006. Presently, 70 retirees are receiving health care benefits.

The Town is in the process of obtaining an actuarial valuation of the liability for other postemployment benefits and will disclose that liability in accordance with GASB Statement No. 45 for the year ending June 30, 2008.

D. Commitments and Contingencies

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would have a material adverse affect on its financial position.

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

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

E. Prior Period Adjustment

Property taxes receivable were inadvertently overstated by \$880,258 in the statement of net assets as of June 30, 2005. A prior period adjustment was made to the statement to reduce property taxes receivable and net assets by \$880,258.

APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Glastonbury
Glastonbury, Connecticut

We have represented the Town of Glastonbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$11,120,000 General Obligation Bonds, Issue of 2007, dated as of May 15, 2007.

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 existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of

corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

The Code provides, however, that for most corporations 75% of the excess of adjusted current earnings (which includes tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

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

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

ADDITIONAL FEDERAL INCOME TAX MATTERS.

The following is a brief discussion of certain Federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of 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 tax consequences of owning and disposing of the Bonds.

As noted above, interest on the Bonds may be taken into account in computing the tax liability of corporations subject to the Federal alternative minimum tax imposed by Section 55 of the Code. Interest on the Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Bonds may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (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 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.

* * * * *

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the 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 taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) 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 May 15, 2007 by the Town of Glastonbury, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$11,120,000 General Obligation Bonds, Issue of 2007, dated as of May 15, 2007 (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 May 3, 2007 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.

"NRMSIR" means any nationally recognized municipal securities information repository recognized by the SEC from time to time. As of the date of this Agreement the NRMSIRs are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
www.bloomberg.com/markets/muni_contactinfo.html
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
<http://www.dpcdata.com>
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
<http://www.interactivedata.com>
Email: NRMSIR@FTID.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street - 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

"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.

"SID" means any state information depository established or designated by the State of Connecticut and recognized by the SEC from time to time. As of the date of this Agreement no SID has been established or designated by the State of Connecticut.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each NRMSIR and any SID, 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, 2007 as follows:

(i) Financial statements of the Issuer's general fund, any special revenue, capital projects, internal service and trust or agency funds, and the general long-term obligations account group 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,
- (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

(l) 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 previously provided to each NRMSIR and any SID, or filed with the SEC. If the document to be referenced is a final official statement, it must be available from the MSRB. 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 (i) each NRMSIR or the MSRB and (ii) any SID, 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 (i) each NRMSIR or the MSRB and (ii) any SID, 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 Diane M. Waldron, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Diane M. Waldron 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) 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.

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

(c) 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 Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rules as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with (i) the NRMSIRs or the MSRB and (ii) any SID. 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.

(d) Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council ("MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to MAC dated September 7, 2004.

TOWN OF GLASTONBURY

By _____
Richard J. Johnson, Town Manager

By _____
Diane M. Waldron, Treasurer

**Financial Advisory Services
Provided By**

