

**OFFICIAL STATEMENT DATED MAY 6, 2008**

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

**TOWN OF GLASTONBURY,  
CONNECTICUT**

**\$4,400,000**

**GENERAL OBLIGATION BOND ANTICIPATION NOTES  
BOOK-ENTRY ONLY**

**Dated: May 15, 2008**

**Due: May 14, 2009**

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
\$4,400,000	2.000%	1.730%	377298WD2

Underwriter

**Commerce Capital Markets, Inc.**

**The Notes are not subject to redemption prior to maturity as more fully described herein.**

The Notes will bear interest payable at maturity, 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 Notes. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owners of the Notes. Purchasers of the Notes will be made in book-entry form, in denominations of \$25,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Note Owner, as nominee of DTC, reference herein to the Note Owner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. See "Book-Entry-Only Transfer System" herein.

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

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

The Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about May 15, 2008.

***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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**NOTICE OF SALE**  
**\$4,400,000**  
**Town of Glastonbury, Connecticut**  
**Bond Anticipation Notes**  
**(BOOK-ENTRY)**

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 TUESDAY,**

**MAY 6, 2008**

for the purchase of \$4,400,000 Bond Anticipation Notes of the Town of Glastonbury, dated May 15, 2008, maturing on May 14, 2009 (the "Notes").

The Town will designate the Notes as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

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

**DTC Book-Entry.** The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$25,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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

**Proposals.** Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the

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

**Sealed Proposals Bidding Procedure.** All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Glastonbury Notes." 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 Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

*Disclaimer* - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined by computing the total interest to be payable and deducting therefrom any premium. If there is more than one responsible bidder making said offer to purchase at the same lowest net interest cost, the Notes will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals.

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

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

**Certifying and Paying Agent.** The Notes will be authenticated by 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 Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. 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 Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and the Notes are "qualified tax-exempt obligations"; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

**Official Statement.** The Town of Glastonbury has prepared a preliminary Official Statement for the Note issue which is dated April 30, 2008. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser 25 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's financial advisor, First Southwest Company, Glastonbury, Connecticut, by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

**CUSIP Numbers.** The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It is anticipated that the Town will apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided,

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

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

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on May 15, 2008.

**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 Marcoux, 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 30, 2008

**PROPOSAL FOR NOTES**

May 6, 2008

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

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated April 30, 2008 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$4,400,000 Bond Anticipation Notes of the Town of Glastonbury, dated May 15, 2008, maturing May 14, 2009, we bid the following:

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

Name of Bidder: \_\_\_\_\_

Address of Bidder: \_\_\_\_\_

Signature of Officer or  
Authorized Agent of Bidder: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

The following is our computation of the net interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal:

Gross Interest	\$	_____	
Less Premium	\$	_____	
Net Interest Cost	\$	_____	
Percent Net Interest Cost		_____	%
		(four decimals)	

# TABLE OF CONTENTS

	Page		Page
Notice of Sale and Bid Form			
Note Issue Summary			
<b>I. Note Information</b>		<b>IV. Tax Base Data</b>	
Introduction .....	1	Assessments.....	19
Description of the Notes .....	1	Property Tax Collection Procedure .....	19
Book-Entry-Only Transfer System.....	2	Comparative Assessed Valuations.....	20
DTC Practices .....	3	Property Tax Levies and Collections.....	20
Security and Remedies .....	3	Ten Largest Taxpayers.....	21
Qualification for Financial Institutions .....	4	Equalized Net Grand List .....	21
Availability of Continuing Disclosure.....	4	<b>V. Financial Information</b>	
Authorization and Purpose .....	4	Fiscal Year.....	22
Use of Note Proceeds .....	5	Basis of Accounting .....	22
Ratings .....	5	Budgetary Procedures.....	22
<b>II. The Issuer</b>		Annual Audit .....	23
Description of the Town .....	6	Pension Plans .....	23
Economic Development.....	6	Other Post Employment Benefits.....	23
Major Initiatives.....	7	General Fund Revenues and Expenditures .....	24
Form of Government.....	7	Analysis of General Fund Equity.....	24
Organizational Chart .....	8	<b>VI. Debt Summary</b>	
Principal Town Officials.....	9	Principal Amount of Indebtedness.....	25
Summary of Municipal Services .....	9	Annual Bonded Debt Maturity Schedule.....	26
Town Employees.....	12	Overlapping/Underlying Debt.....	26
Municipal Employees' Bargaining Units .....	12	Debt Statement .....	26
Education System .....	13	Current Debt Ratios .....	27
School Facilities.....	13	Bond Authorization .....	27
School Enrollment.....	13	Temporary Financing .....	27
<b>III. Economic and Demographic Information</b>		Limitation of Indebtedness.....	28
Population Trends .....	14	Statement of Statutory Debt Limitation.....	28
Age Distribution of the Population.....	14	Authorized But Unissued Debt .....	29
Income Distribution.....	14	Principal Amount of Outstanding Debt .....	29
Income Levels .....	15	Ratio of Direct Debt to Valuation, Population, and Income .....	29
Educational Attainment .....	15	Ratio of Annual Debt Service Expenditures to Total General Fund Expenditures and Transfers Out .....	29
Major Employers.....	16	Capital Improvement Program .....	30
Employment by Industry .....	16	<b>VII. Legal and Other Litigation</b>	
Employment Data .....	17	Litigation.....	32
Age Distribution of Housing .....	17	Closing Documents to be Furnished at Closing...	32
Housing Inventory.....	17	Concluding Statement .....	32
Owner-Occupied Housing Values .....	18		
Building Permits .....	18		
Land Use Summary.....	18		
		<b>Appendix A – Basic Financial Statements</b>	
		<b>Appendix B – Opinion of Bond Counsel and Tax Exemption</b>	
		<b>Appendix C – Form of Continuing Disclosure Agreement for</b>	
		<b>Notes</b>	

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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

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

## NOTE ISSUE SUMMARY

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

<b>Date of Sale:</b>	<b><u>Tuesday, May 6, 2008, 11:30 A.M. (EDT).</u></b>
<b>Location of Sale:</b>	First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.
<b>Issuer:</b>	Town of Glastonbury, Connecticut (the "Town").
<b>Issue:</b>	\$4,400,000 General Obligation Bond Anticipation Notes, Book-Entry-Only (the "Notes").
<b>Dated Date:</b>	May 15, 2008.
<b>Interest Due:</b>	At maturity, May 14, 2009.
<b>Principal Due:</b>	At maturity, May 14, 2009.
<b>Purpose and Authority:</b>	The proceeds of the Notes will be issued for various capital projects as authorized by the voters of the Town of Glastonbury.
<b>Redemption:</b>	The Notes <b>are not</b> subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town of Glastonbury, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Ratings:</b>	The Town has not applied for a rating on the Notes. 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 its 2007 Bond Issue. See "Ratings" herein.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of dated date.
<b>Tax Exemption</b>	Refer to Appendix B, "Opinion of Bond Counsel and Tax Exemption" herein.
<b>Bank Qualification:</b>	The Notes <b>will</b> be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, timely notices of the occurrence of certain material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 <sup>rd</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about May 15, 2008 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	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.
<b>Financial Advisor:</b>	First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033. Telephone: 860-290-3003.

## I. NOTE INFORMATION

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### INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Glastonbury, Connecticut (the "Town") in connection with the original sale of \$4,400,000 General Obligation Bond Anticipation Notes, (the "Notes") of the Town.

The Notes are being offered for sale at public bidding. A Notice of Sale dated April 30, 2008 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Notes.

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

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

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 Note issue or other issues covered by the agreement. The Town has consented to allow First Southwest Company to bid on this Note 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 NOTES

The Notes will be dated May 15, 2008 and will be due and payable as to both principal and interest at maturity, May 14, 2009. The Notes will be issued as fully-registered notes in denominations of \$25,000 or any integral multiples thereof. Interest will be calculated on the basis of a 30-day month and a 360-day year, at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry-only system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York, ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent

will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Day Pitney LLP, in substantially the form set forth in Appendix B to this Official Statement.

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

#### **BOOK-ENTRY-ONLY TRANSFER SYSTEM**

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

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

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered 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 Note certificate will be issued for each interest rate of the Notes, 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 instrument 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do

not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participant to whose account such Notes are credited, which may or may not be the Beneficial Owners. The 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.

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

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

**DTC PRACTICES**

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

**SECURITY AND REMEDIES**

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

Unless paid from other sources, the Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to

rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income 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 or the Town may place a lien on the property for the amount of tax relief granted plus interest.

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

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

The Town is subject to suit on its general obligation Notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

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

**QUALIFICATION FOR FINANCIAL INSTITUTIONS**

The Notes will be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Notes.

**AVAILABILITY OF CONTINUING DISCLOSURE**

The Town of 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 Notes, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notices of the occurrence of certain material events with respect to the Notes.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation Bonds/Notes to provide certain annual financial information and notices of material events pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements.

**AUTHORIZATION AND PURPOSE**

The Notes 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.

**USE OF NOTE PROCEEDS**

	<b>Amount</b>	<b>Previously</b>	<b>Notes</b>	<b>These</b>	<b>Authorized</b>
	<b>Authorized</b>	<b>Bonded/Grants</b>	<b>Maturing</b>	<b>Notes</b>	<b>But Unissued</b>
New Elementary School <sup>2</sup> .....	\$29,500,000	\$24,303,883	\$0	\$850,000	\$4,346,117 <sup>1</sup>
Land Acquisition - 2004.....	4,000,000	775,000	1,950,000	3,000,000	225,000
Glastonbury High School.....	<u>48,331,389</u>	<u>46,338,306</u>	<u>0</u>	<u>550,000</u>	<u>1,443,083<sup>1</sup></u>
Total.....	<u>\$81,831,389</u>	<u>\$71,417,189</u>	<u>\$1,950,000</u>	<u>\$4,400,000</u>	<u>\$6,014,200</u>

<sup>1</sup> This project is eligible for State of Connecticut School Construction Grants of approximately 33.57% of eligible costs.  
<sup>2</sup> 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 currently has 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 its Bonds.

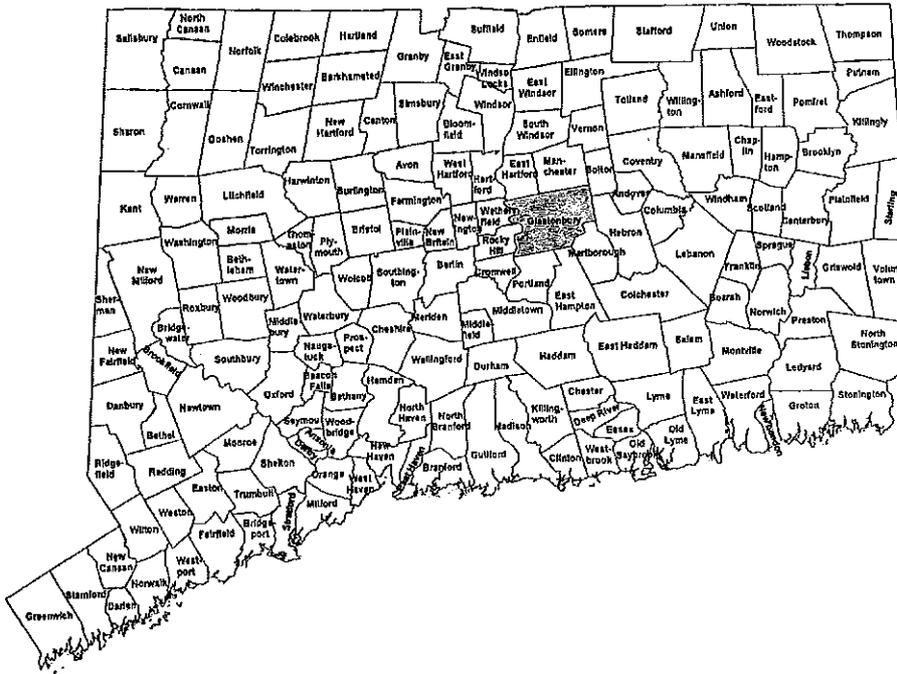
**STANDARD & POOR'S RATING: AAA**

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 ratings reflect only the views of such rating agencies and an explanation of the significance of the ratings may be obtained from Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 or Standard & Poor's, 55 Water Street, New York, New York 10041, respectively. There is no assurance that the ratings will continue for any given period of time or that they will not be revised or withdrawn entirely if, in the judgment of such rating agencies, circumstances so warrant. A revision or withdrawal of the ratings may have an effect on the market price of the Town's bonds and notes.

The Town has not applied for a rating on the 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 33,350 in 2007.

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 has been constructed. 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. Additionally, the Fox Run Mall has been renovated in conjunction with a new anchor tenant, Whole Foods Market.

## **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 high school renovation and expansion project, approved at referendum in November 2002, is substantially complete. 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 \$13.8 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 was completed and occupied in August 2007. This is a K-5 facility of approximately 87,000 square feet to accommodate 675 students. State grants revenues in excess of \$8.2 million have been received by the Town and will reduce net costs to the Town. Costs are estimated at approximately 28.5 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 \$30.6 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 has now secured grants and loans from the Clean Water Fund Program and commenced work on this project on September 4, 2007. The Town will be entering into a grant/loan agreement with the State of Connecticut by June 2008.

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.

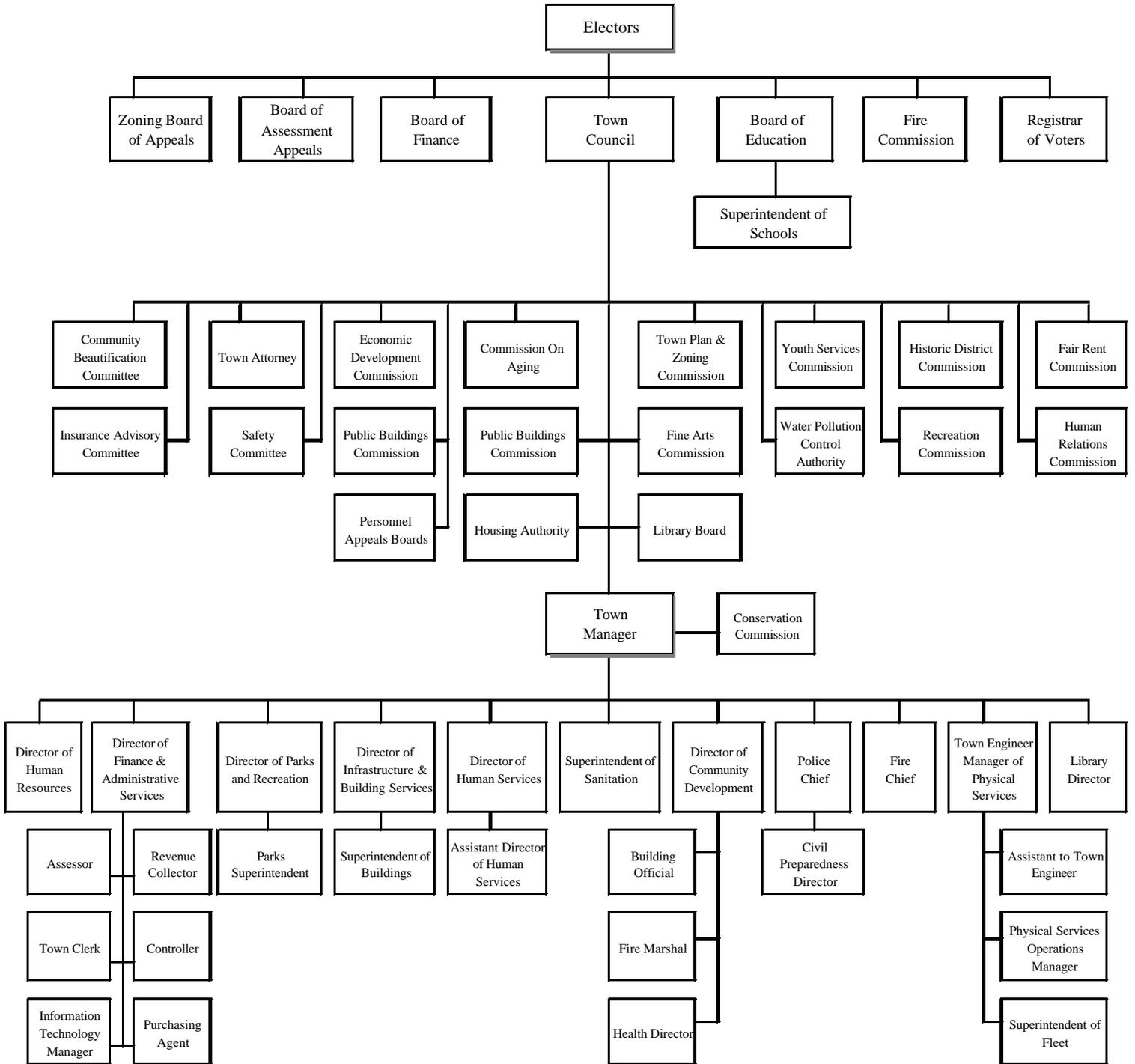
The Town continues a long and successful practice of funding major projects from cash resources to minimize the use of debt financing. The capital program transfer approved out of the General Operating Fund to the Capital Reserve Fund for the current Fiscal Year 2007-2008 is \$2.0 million. The approved budget for the upcoming Fiscal Year 2008-2009 also includes a transfer of \$3.0 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	7 Years <sup>1</sup>	Homemaker
Board of Finance Chairwoman.....	Diane Northrop	Elected	33 Years <sup>2</sup>	Education - Retired
Town Manager.....	Richard J. Johnson	Appointed	15 Years <sup>3</sup>	Town Manager
Director of Finance and Administrative Services.....	Diane M. Waldron	Appointed	2 Years <sup>4</sup>	Finance Director
Superintendent of Schools.....	Alan B. Bookman	Appointed	24 Years <sup>5</sup>	Principal - High School
Community Development Director.....	Kenith E. Leslie	Appointed	27 Years	Community Development
Director of Infrastructure and Building Services.....	Herbert L. Schwind	Appointed	7 Years	Civil Engineer/Corps.
Building Official.....	Edward P. Pietrycka	Appointed	14 Years <sup>6</sup>	Building Inspector
Physical Services Director.....	Daniel A. Pennington	Appointed	11 Years	Town Engineer

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

<sup>2</sup> Ms. Northrop has served as Chairperson for approximately 17 years .

<sup>3</sup> Previously served as Assistant Town Manager from October 7, 1985 to July 1, 1993.

<sup>4</sup> 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.

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

<sup>6</sup> 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 Resources Department. General Government includes Community Development, Building Inspection, Fire Marshal and Health Inspections. Administrative Services includes Financial Administration, Accounting, Property Assessment, Revenue Collection, Town Clerk and Legal Services. General Government encompasses forty-nine full-time employees.

**Police:** The Police Department, with authorized personnel of seventy-five full-time employees, is divided into three divisions; Support Services (seventeen employees), Criminal Investigations (twelve employees) and Patrol (forty-six 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 forty-six full-time people. Their activities for the Town include the areas of Administration, Engineering, Streets and Fleet Maintenance. Within the 52 square miles, there are 200 miles of roads.

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

trucks, buses and construction equipment being used by the various Town Departments. 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 2007-08. 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 thirteen which includes professional and clinical social workers who work closely with the school department and provide counseling services to the youth. They also provide crisis intervention services and focus a great deal on positive youth development activities under the direction of the Department's Creative Experience Director. Substance abuse prevention services are also provided by this department.

**Senior & Community Services:** The Senior & Community Services Department, with a staff of nine full-time employees, administers the Riverfront Community Center and provides a variety of activities and services to the Town's elderly population. Dial-a-Ride transportation, senior center programming, nutritional lunch program, information and referral services, 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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government <sup>1</sup> ....	252	252	254	256	262
Board of Education <sup>1</sup> .....	813	796	778	752	736
<b>Total</b> .....	1,065	1,048	1,032	1,008	998

<sup>1</sup> Full-time equivalent.

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

The following table reflects the Fiscal Year 2008 breakdown of General Government employees by department:

<u>Department</u>	<u>FY08 Budgeted Positions<sup>1</sup></u>	<u>FY09 Budgeted Positions<sup>1</sup></u>
General Government.....	18	18
Community Development...	18	18
Administrative Services.....	25	25
Public Safety.....	77	77
Physical Services.....	46	46
Sanitation.....	13	13
Human Services.....	22	22
Leisure/Culture.....	33	33
<b>Sub-Total</b> .....	<b>252</b>	<b>252</b>
Board of Education.....	810	813
<b>Total</b> .....	<b>1,062</b>	<b>1,065</b>

<sup>1</sup> 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 Covered<sup>1</sup></u>	<u>Current Expiration Date</u>
<b>General Government</b>		
Glastonbury Police Officers Association, Inc. GPOA.....	67	June 30, 2008 <sup>2</sup>
Glastonbury Highway and Vehicle Maintenance Assoc. - CILU #36..	36	June 30, 2009
Water Pollution/Facilities Maintenance, AFSCME.....	16	June 30, 2010
<b>Board of Education</b>		
Glastonbury Education Association.....	529	June 30, 2009
Glastonbury School Administrators Association.....	37	June 30, 2009
Custodial/Maintenance/General Personnel CILU.....	75	June 30, 2010
Nurses AFSCME.....	12	June 30, 2008 <sup>2</sup>
Secretaries/Paraprofessionals AFSCME.....	132	June 30, 2008 <sup>2</sup>

<sup>1</sup> Positions covered are given in the full-time equivalent.

<sup>2</sup> In negotiation.

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

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best

offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective 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**

<u>School</u>	<u>Grades</u>	<u>Date of Construction/Renovations</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/2007<sup>1</sup></u>	<u>Rated Capacity</u>
Glastonbury High School....	9-12	1953, 1956, 1973, 1990, 1992, 2006	117	2,055	2,300
Gideon Welles School.....	6	1967, 2000	47	552	750
Smith Middle School.....	7-8	1999	82	1,072	1,100
Buttonball School.....	K-5	1955, 1960, 1996	29	577	556
Eastbury School.....	K-5	1949, 1964, 1996	21	356	402
Hebron Avenue School.....	K-5	1958, 1959, 1996	28	525	534
Hopewell School.....	K-5	1962, 1996	29	544	578
Naubuc School.....	K-5	1929, 1948, 1969, 1996	27	470	512
Nayaug School.....	Pre K-5	2007	35	674	675
<b>Totals.....</b>			<b>415</b>	<b>6,825</b>	<b>7,407</b>

<sup>1</sup> Excludes Magnet School (204) and Special Education (67). Magnet School with East Hartford/Out-of-District Special Education. Source: Department of Education, ED050, School Facilities Survey.

**SCHOOL ENROLLMENT**

<u>As of October 1</u>	<u>Grades Pre K-6</u>	<u>Grades 7-8</u>	<u>Grades 9-12</u>	<u>Special Education<sup>1</sup></u>	<u>Total</u>
<i>Historical</i>					
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
2007-2008	3,851	1,110	2,068	67	7,096
<i>Projected</i>					
2008-2009	3,835	1,165	2,063	67	7,130
2009-2010	3,810	1,183	2,096	67	7,156
2010-2011	3,729	1,181	2,174	67	7,151
2011-2012	3,701	1,138	2,193	67	7,099
2012-2013	3,650	1,119	2,244	67	7,080

<sup>1</sup> Special Education students enrolled in Out-of-District Placements Source: Superintendent of Schools, Town of Glastonbury.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

<u>Year</u>	<u>Population</u> <sup>1</sup>	<u>% Increase</u>	<u>Density</u> <sup>2</sup>
2007	33,350	4.6	635
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

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 1960 – 2000; State of Connecticut, Department of Health Services, Estimation of Population, 2007.

<sup>2</sup> Per square mile: 52.5 square miles.

#### AGE DISTRIBUTION OF THE POPULATION

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

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

#### INCOME DISTRIBUTION

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

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

## INCOME LEVELS

	<b>Town of Glastonbury</b>	<b>State of Connecticut</b>
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: <sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2000, 1990, 1980.

## EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	<b>Town of Glastonbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
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 April 2008

<b>Employer</b>	<b>Product</b>	<b>Estimated Number of Employees</b>
Ikon/Office Solutions.....	Information Technology	420
Open Solutions, Inc.....	Software Services	420 <sup>2</sup>
Super Stop & Shop Supermarket.....	Supermarket, Pharmacy (2 Stores)	290
Salmon Brook Nursing and Rehabilitation.....	Medical Center	200
Bank of America Business Capital.....	Financial Services	130 <sup>2</sup>
CIGNA Insurance Co <sup>1</sup> .....	Insurance Services	150
Amica.....	Insurance Services	124
Nabisco/Kraft.....	Food Distribution	100
Aero-MED.....	Medical Supplies	70
Flanagan Industries.....	Manufacturing	98
Liberty Mutual Insurance.....	Insurance Provider	75
Laurel Gardens.....	Assisted Living	68
Cronin and Company.....	Marketing Communications	55
Fiserv Solutions.....	Information Technology	40
Glastonbury Wellness.....	Health Care	40

<sup>1</sup> CIGNA is relocating 150 employees to Glastonbury in May 2008.

<sup>2</sup> Estimate.

Source: Telephone survey.

**EMPLOYMENT BY INDUSTRY**

<b>Sector</b>	<b>Town of Glastonbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
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%
<b>Total Labor Force, Employed.....</b>	<b>16,632</b>	<b>100.0%</b>	<b>1,664,440</b>	<b>100.0%</b>

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

**EMPLOYMENT DATA**

Period <sup>1</sup>	Town of Glastonbury		Percentage Unemployed		
	Employed	Unemployed	Town of Glastonbury	Hartford Labor Market	State of Connecticut
February 2008.....	17,612	634	3.5%	5.6%	5.5%
January 2008.....	17,621	648	3.5	5.4	5.3
October 2007.....	17,968	593	3.2	4.3	4.2
July 2007.....	18,040	624	3.3	5.0	4.8
April 2007.....	17,651	521	2.9	4.3	4.1
<b>Annual Average</b>					
2006.....	17,527	540	3.0%	4.4%	4.3%
2005.....	17,205	609	3.4	5.0	4.9
2004.....	16,935	577	3.3	5.2	4.9
2003.....	16,869	675	3.8	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

<sup>1</sup> 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 <sup>1</sup>		\$315,000		\$317,390

<sup>1</sup> Median Sales Price, The Warren Group, 2007.

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

## BUILDING PERMITS (\$ in thousands)

Fiscal Year Ended 6/30	Residential <sup>1</sup>		Industrial/Commercial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2007	126	\$ 30,299	141	\$ 15,551	691	\$ 11,787	958	\$ 57,637
2006	112	33,029	112	10,913	771	12,693	995	56,635
2005	99	22,750	117	8,686	805	11,062	1,021	42,498
2004	106	20,775	108	5,879	885	15,454	1,099	42,108
2003	75	16,674	88	6,643	304	3,778	467	27,095
2002	136	24,786	112	9,666	780	8,373	1,028	42,825
2001	109	16,310	122	17,084	647	8,362	878	41,756
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

<sup>1</sup> 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".

## 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

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### ASSESSMENTS

The Town of Glastonbury had a general property revaluation effective October 1, 2007. 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, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

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

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An assessor's check and audit is completed periodically.

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

### PROPERTY TAX COLLECTION PROCEDURE

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 liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle, 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 <sup>1</sup>	Net Taxable	
							Grand List	% Growth
2007	76.1%	14.4%	3.1%	6.4%	\$4,088,794	\$14,350	\$4,074,444	31.89%
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 <sup>2</sup>	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%

<sup>1</sup> 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.

<sup>2</sup> Date of last general revaluation, October 1, 2007.

Source: Assessor's Office, Town of Glastonbury.

**PROPERTY TAX LEVIES AND COLLECTIONS**

Grand List of Oct. 1	Fiscal Year Ending 6/30	Net Taxable Grand List <sup>1</sup>	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2007
2006	2008	\$3,089,235	35.80	\$109,539,397	--In process of collection--		
2005	2007	3,030,823	34.00	103,690,601	99.6%	0.4%	0.4%
2004	2006	2,970,756	32.10	95,985,200	99.5%	0.5%	0.0%
2003	2005	2,910,520	30.90	90,306,040	99.3%	0.7%	0.0%
2002	2004	2,888,790	28.75	83,267,767	99.4%	0.6%	0.0%
2001	2003	2,140,435	36.70	79,366,296	99.3%	0.7%	0.0%
2000	2002	2,085,745	34.60	72,996,362	99.5%	0.5%	0.0%
1999	2001	2,025,784	32.90	67,501,290	99.3%	0.7%	0.0%
1998	2000	1,953,691	31.70	62,796,171	99.4%	0.6%	0.0%
1997	1999	1,897,618	29.90	57,291,419	99.2%	0.8%	0.0%

<sup>1</sup>000's omitted.

Source: Assessor's Office, Town of Glastonbury.

**TEN LARGEST TAXPAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Light & Power Co.....	Utility	\$26,509,240	0.65%
Flanders Somerset LLC etal.....	Shopping Plaza & Restaurant	24,704,400	0.61%
Connecticut Mutual Life Insurance Co.....	Office Building	19,643,500	0.48%
Alectra Real Estate USA LLC.....	Retail Center	16,522,000	0.41%
Grunberg 628 Hebron LLC.....	Office Buildings	14,329,470	0.35%
BCIA 95 Glastonbury Boulevard LLC.....	Office Building	13,160,100	0.32%
PRA Suites at Glastonbury LLC.....	Hotel	12,089,300	0.30%
PRA Glastonbury LLC.....	Hotel	12,054,500	0.30%
Winding Road LLC.....	Office Building	9,905,850	0.24%
CE Glastonbury LLC.....	Retail Center	9,026,200	0.22%
Total.....		<u>\$157,944,560</u>	<u>3.88%</u>

<sup>1</sup> Based on a 10/1/07 Net Taxable Grand List of \$4,074,444,298.  
Source: Assessor's Office, Town of Glastonbury.

**EQUALIZED NET GRAND LIST**

<u>Grand List of 10/1</u>	<u>Equalized Net Grand List</u>	<u>% Growth</u>
2005	\$5,856,152,420	3.39%
2004	5,663,902,306	11.02%
2003	5,101,833,622	23.63%
2002	4,126,843,486	-2.08%
2001	4,214,628,515	6.77%
2000	3,947,320,450	12.73%
1999	3,501,595,873	12.36%
1998	3,116,485,848	8.90%
1997	2,861,750,262	6.30%
1996	2,692,059,058	1.36%
1995	2,655,862,908	1.09%

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

## V. FINANCIAL INFORMATION

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### **FISCAL YEAR**

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

### **BASIS OF ACCOUNTING**

#### **Accounting Policies**

The financial statements of the Town of 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 basic 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 2008.

## 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, 2007, 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, 2007. 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 continue submission of its financial statements for fiscal year ended June 30, 2007 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, 2007 was approximately \$160,517. 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 \$1.34 million: \$700,000 for Town Government employees and \$640,000 for Board of Education employees, however the net budget impact is \$430,000; \$262,000 for the Town and \$168,000 for the Board of Education employees. The approved Town government operating budget for Fiscal Year 2007-08 has an appropriation of \$100,000 and \$125,00 for Fiscal Year 2008-09 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, 2009.

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

	<b>Proposed Budget 2008-09<sup>1</sup></b>	<b>Adopted Budget 2007-08<sup>1</sup></b>	<b>Actual 2006-07</b>	<b>Actual 2005-06</b>	<b>Actual 2004-05</b>	<b>Actual 2003-04</b>	<b>Actual 2002-03</b>
<b>REVENUES:</b>							
Property Taxes.....	\$115,053,739	\$111,408,397	\$104,127,646	\$96,403,227	\$90,609,468	\$83,572,200	\$79,308,388
Licenses/Permits.....	922,100	902,050	1,347,568	1,332,325	1,169,354	989,251	810,376
Intergovernmental Revenues.....	7,654,613	5,486,606	7,469,242	7,530,085	6,989,468	6,707,062	7,079,978
Charges for Services.....	1,600,363	2,488,550	3,048,447	2,888,823	2,493,371	2,764,935	2,285,585
Investment Income.....			2,115,892	1,385,948			
Other Revenues.....	<u>2,804,301</u>	<u>3,482,612</u>	<u>1,937,873</u>	<u>3,797,255</u>	<u>2,339,586</u>	<u>1,601,704</u>	<u>1,688,018</u>
Total Revenues.....	\$128,035,116	\$123,768,215	\$120,046,668	\$113,337,663	\$103,601,247	\$95,635,152	\$91,172,345
Use of Fund Balance <sup>2</sup> .....	2,550,000	550,000	0	0	0	0	0
Transfers In-Other Funds.....	<u>1,563,041</u>	<u>1,454,810</u>	<u>1,558,223</u>	<u>1,322,991</u>	<u>1,204,424</u>	<u>1,287,490</u>	<u>1,721,602</u>
<b>Total Revenues and Transfers In.....</b>	<b>\$132,148,157</b>	<b>\$125,773,025</b>	<b>\$121,604,891</b>	<b>\$114,660,654</b>	<b>\$104,805,671</b>	<b>\$96,922,642</b>	<b>\$92,893,947</b>
<b>EXPENDITURES:</b>							
General Government.....	\$2,714,273	\$2,548,984	\$2,326,787	\$2,243,732	\$2,137,596	\$1,992,587	\$1,958,982
Community Development.....	1,854,468	1,829,703	1,668,626	1,636,712	1,578,517	1,543,370	1,465,317
Administrative Services.....	5,638,549	5,346,797	5,018,769	4,874,536	4,552,728	4,270,763	3,842,611
Public Safety.....	9,805,660	9,412,181	8,925,970	8,619,276	7,935,880	7,565,952	7,460,845
Physical Services.....	5,800,908	5,552,358	5,089,293	5,123,058	5,165,005	4,793,254	4,906,751
Sanitation.....	2,449,743	2,334,107	2,242,013	2,107,488	1,959,488	2,035,470	1,937,193
Human Services.....	2,498,268	2,407,852	2,151,797	2,135,477	1,767,502	1,899,543	1,764,155
Leisure/Culture.....	4,818,915	5,376,454	4,962,809	4,608,890	4,376,460	4,237,673	3,996,002
Contingency.....	<u>175,000</u>	<u>175,000</u>	<u>37,994</u>	<u>37,994</u>	<u>932</u>	<u>8,075</u>	<u>1,896</u>
Total Town.....	\$35,755,784	\$34,983,436	\$32,386,064	\$31,387,163	\$29,474,108	\$28,346,687	\$27,333,752
Debt Service.....	11,380,000	11,200,000	10,370,675	8,648,220	7,739,670	5,980,679	6,075,799
Education.....	<u>81,977,373</u>	<u>77,559,589</u>	<u>74,031,222</u>	<u>68,918,999</u>	<u>64,168,743</u>	<u>60,485,905</u>	<u>57,297,701</u>
Total Expenditures.....	\$129,113,157	\$123,743,025	\$116,787,961	\$108,954,382	\$101,382,521	\$94,813,271	\$90,707,252
Transfers Out-Other Fund.....	3,035,000	2,030,000	3,355,000	2,025,000	2,027,500	2,181,170	1,586,780
<b>Total Expenditures and Transfers Out.....</b>	<b>\$132,148,157</b>	<b>\$125,773,025</b>	<b>\$120,142,961</b>	<b>\$110,979,382</b>	<b>\$103,410,021</b>	<b>\$96,994,441</b>	<b>\$92,294,032</b>
<b>Excess (deficiency) of Revenues/ Transfers over Expenses/Transfers.....</b>		<sup>3</sup>	<b>\$1,461,930</b>	<b>\$3,681,272</b>	<b>\$1,395,650</b>	<b>(\$71,799)</b>	<b>\$599,915</b>
<b>Fund Balance, July 1.....</b>			<b>\$14,202,302</b>	<b>\$10,521,030</b>	<b>\$9,125,380</b>	<b>\$9,197,179</b>	<b>\$8,597,264</b>
<b>Fund Balance, June 30.....</b>			<b>\$15,664,232</b>	<b>\$14,202,302</b>	<b>\$10,521,030</b>	<b>\$9,125,380</b>	<b>\$9,197,179</b>

<sup>1</sup> Budgetary Basis.

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

<sup>3</sup> Town Officials anticipate that operating revenues and transfers in will exceed operating expenditures and transfers out by approximately \$3,900,000 for the current Fiscal Year 2007-2008.

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

	<b>Budget 2008-09</b>	<b>Estimated 2007-08</b>	<b>Actual 2006-07</b>	<b>Actual 2005-06</b>	<b>Actual 2004-05</b>	<b>Actual 2003-04</b>	<b>Actual 2002-03</b>
Reserved for Encumbrances.....	N/A	\$0	\$128,135	\$51,096	\$240,539	\$122,425	\$25,058
Reserved for Inventory.....			190,238	171,246	168,352	163,259	175,534
Reserved for Capital Outlay.....			69,500	47,500	15,598	36,716	96,130
Unreserved:							
Designated for Insurance.....	N/A	275,000	275,000	275,000	275,000	275,000	275,000
Designated for Subsequent Years Exp.....		2,550,000	550,000	550,000	550,000	550,000	550,000
Designated for Specific Purposes.....		654,000	73,165	14,776	23,193	41,620	1,317,068
Unreserved/Undesignated.....		<u>16,085,232</u>	<u>14,378,194</u>	<u>13,092,684</u>	<u>9,248,348</u>	<u>7,936,360</u>	<u>6,758,389</u>
<b>Total Fund Balance.....</b>	<b>N/A</b>	<b>\$19,564,232</b>	<b>\$15,664,232</b>	<b>\$14,202,302</b>	<b>\$10,521,030</b>	<b>\$9,125,380</b>	<b>\$9,197,179</b>
<b>Undesignated Fund Balance</b>							
<b>As % of Total Expenditures.....</b>	<b>N/A</b>	<b>12.79%</b>	<b>11.97%</b>	<b>11.80%</b>	<b>8.94%</b>	<b>8.18%</b>	<b>7.32%</b>

Source: Audited Financial Statements 2003-2007; Budgets 2008 and 2009, Town of Glastonbury.

**VI. DEBT SUMMARY**

**PRINCIPAL AMOUNT OF INDEBTEDNESS**

As of May 15, 2008

(Pro Forma)

**Long-Term Debt: Bonds**

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding 5/15/2008</u>	<u>Fiscal Year Maturity</u>
<b><i>General Purpose</i></b>					
08/15/88	Various.....	7.0344	\$1,835,000	\$71,750	2009
12/15/98	Various.....	4.3625	2,100,000	1,000,000	2018
03/01/02	Land Acquisition.....	4.3468	2,250,000	1,590,000	2022
06/15/04	Various.....	4.3646	6,960,000	5,925,000	2024
12/15/04	Refunding Bonds.....	3.3972	3,493,305	2,687,668	2019
05/15/05	Various.....	3.9522	5,160,000	4,386,000	2025
05/15/06	Various.....	4.2859	4,120,000	3,630,000	2026
05/15/07	Various.....	3.9909	3,270,000	3,095,000	2027
	<b>Sub-Total</b>		<b>\$29,188,305</b>	<b>\$22,385,418</b>	
<b><i>Schools</i></b>					
08/15/88	High School Renovation.....	7.0344	\$2,565,000	\$128,250	2009
04/01/99	Middle School - Lot B.....	4.4237	12,000,000	6,950,000	2019
03/01/02	Middle/Gideon Schools.....	4.3468	3,400,000	2,260,000	2022
06/15/04	High School.....	4.3646	13,040,000	11,075,000	2024
12/15/04	Refunding Bonds.....	3.3972	18,211,695	13,517,332	2019
05/15/05	High School/Elementary School..	3.9522	13,340,000	11,339,000	2025
05/15/06	High School/Elementary School..	4.2859	16,480,000	14,910,000	2026
05/15/07	High School/Elementary School..	3.9909	7,850,000	7,455,000	2027
	<b>Sub-Total.....</b>		<b>\$86,886,695</b>	<b>\$67,634,582</b>	
	<b>Total.....</b>		<b>\$116,075,000</b>	<b>\$90,020,000</b>	

**Short-Term Debt:**

	<u>Amount Authorized</u>	<u>Previously Bonded/Grants</u>	<u>Notes of This Issue</u>	<u>Authorized But Unissued</u>	<u>Legal Renewable Limit</u>
New Elementary School <sup>2</sup> .....	\$29,500,000	\$24,303,883	\$850,000	\$4,346,117	5/15/2016
Land Acquisition - 2004.....	4,000,000	775,000	3,000,000	225,000	12/10/2015
Glastonbury High School.....	48,331,389	46,338,306	550,000	1,443,083	5/15/2016
	<b>\$81,831,389</b>	<b>\$71,417,189</b>	<b>\$4,400,000</b>	<b>\$6,014,200</b>	

**Other Long-Term Commitments:**

*None*

**ANNUAL BONDED DEBT MATURITY SCHEDULE**

As of May 15, 2008

(Pro Forma)

<b>Fiscal Year</b>				<b>Cumulative</b>
<b>Ending 6/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Percent</b>
				<b>Retired</b>
2008	\$6,645,000	\$3,937,763	\$10,582,763	6.95
2009	6,960,000	3,664,875	10,624,875	14.22
2010	6,730,000	3,402,663	10,132,663	21.26
2011	6,700,000	3,160,101	9,860,101	28.26
2012	6,015,000	2,923,051	8,938,051	34.55
2013	6,005,000	2,671,601	8,676,601	40.82
2014	6,000,000	2,409,307	8,409,307	47.10
2015	5,995,000	2,143,869	8,138,869	53.36
2016	5,945,000	1,879,763	7,824,763	59.58
2017	5,525,000	1,626,744	7,151,744	65.35
2018	5,515,000	1,396,101	6,911,101	71.12
2019	5,140,000	1,169,969	6,309,969	76.49
2020	3,825,000	978,731	4,803,731	80.49
2021	3,825,000	815,981	4,640,981	84.49
2022	3,675,000	648,094	4,323,094	88.33
2023	3,400,000	485,425	3,885,425	91.88
2024	3,380,000	335,956	3,715,956	95.42
2025	2,380,000	185,050	2,565,050	97.90
2026	1,455,000	84,144	1,539,144	99.43
2027	<u>550,000</u>	<u>22,550</u>	<u>572,550</u>	100.00
<b>Totals</b>	<b>\$95,665,000</b>	<b>\$33,941,738</b>	<b>\$129,606,738</b>	

<sup>1</sup> Includes \$5,645,000 in principal payments made in Fiscal Year 2007-08.

**OVERLAPPING/UNDERLYING DEBT**

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

**DEBT STATEMENT**

As of May 15, 2008

(Pro Forma)

**LONG TERM DEBT**

**Bonds:**

General Purpose.....	\$22,385,418
Schools.....	<u>67,634,582</u>
<b>TOTAL LONG TERM DEBT.....</b>	<b>\$90,020,000</b>
<b>SHORT TERM DEBT.....</b>	<b>\$4,400,000</b>
<b>TOTAL DIRECT DEBT.....</b>	<b>\$94,420,000</b>
Less:	
State School Construction Grants Receivable <sup>1</sup> ...	<u>\$1,746,692</u>
<b>TOTAL DIRECT NET DEBT.....</b>	<b>\$92,673,308</b>
<b>TOTAL UNDERLYING DEBT.....</b>	<b>0</b>
<b>TOTAL NET DIRECT DEBT.....</b>	<b>\$92,673,308</b>

<sup>1</sup> Represents grants receivable for prior school bond issues.

**CURRENT DEBT RATIOS**

May 15, 2008

(Pro Forma)

Population <sup>1</sup> .....	33,350
Net Taxable Grand List - 10/1/07 @ 70% of full value .....	\$4,074,444,298
Estimated Full Value.....	\$5,820,634,711
Equalized Net Taxable Grand List - 2005 <sup>2</sup> .....	\$5,856,152,420
Money Income per Capita - 2000 <sup>3</sup> .....	\$40,820

	<b>Total Direct Debt \$94,420,000</b>	<b>Total Net Direct Debt \$92,673,308</b>	<b>Total Overall Net Debt \$92,673,308</b>
Per Capita.....	\$2,831.18	\$2,778.81	\$2,778.81
Ratio to Net Taxable Grand List.....	2.32%	2.27%	2.27%
Ratio to Estimated Full Value.....	1.62%	1.59%	1.59%
Ratio to Equalized Grand List.....	1.61%	1.58%	1.58%
Debt per Capita to Money Income per Capita.	6.94%	6.81%	6.81%

<sup>1</sup> State of Connecticut, Department of Health Services, 2007 Estimate of Population.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

<sup>3</sup> 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, 2008  
(Pro Forma)

<b>TOTAL TAX COLLECTIONS</b> (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2007.....	\$104,127,646
<b>REIMBURSEMENT FOR REVENUE LOSS ON:</b>	
Tax Relief for Elderly.....	<u>132,397</u>
<b>BASE</b> .....	<u><u>\$104,260,043</u></u>

<b>DEBT LIMITATION:</b>	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2¼ times base.....	\$234,585,097				
4½ times base.....		\$469,170,194			
3¾ times base.....			\$390,975,161		
3¼ times base.....				\$338,845,140	
3 times base.....					<u>\$312,780,129</u>
Total debt limitation.....	<u>\$234,585,097</u>	<u>\$469,170,194</u>	<u>\$390,975,161</u>	<u>\$338,845,140</u>	<u>\$312,780,129</u>
<b>INDEBTEDNESS<sup>1</sup>:</b>					
Bonds Payable.....	\$22,385,418	\$67,634,582	\$0	\$0	\$0
Notes Payable.....	3,000,000	1,400,000	0	0	0
Authorized but Unissued Debt.....	<u>1,850,000</u>	<u>6,621,744</u>	<u>0<sup>2</sup></u>	<u>0</u>	<u>0</u>
<b>TOTAL DIRECT INDEBTEDNESS</b>	<b>\$27,235,418</b>	<b>\$75,656,326</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Less:					
School Construction Grants..		<u>\$1,746,692<sup>1</sup></u>			
<b>TOTAL NET INDEBTEDNESS.....</b>	<b>\$27,235,418</b>	<b>\$73,909,634</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....</b>	<b><u>\$207,349,679</u></b>	<b><u>\$395,260,560</u></b>	<b><u>\$390,975,161</u></b>	<b><u>\$338,845,140</u></b>	<b><u>\$312,780,129</u></b>

<sup>1</sup> Represents State of Connecticut School Construction Grants payable to the Town over the life of certain school bond issues.  
<sup>2</sup> Excludes \$26,900,000 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 \$729,820,301.

**AUTHORIZED BUT UNISSUED DEBT**

As of May 15, 2008

(Pro Forma)

Project	Authorized	Bonded	Grants/ Other Funds	These Notes	Debt Authorized but Unissued			
					General Purpose	Schools	Sewers	Total
Middle School/Gideon Welles.....	\$43,243,000	\$29,250,000	\$13,160,456	\$0	\$0	\$832,544	\$0	\$832,544 <sup>1</sup>
Land Acquisition - 2001.....	3,000,000	2,995,000	0	0	5,000	0	0	5,000
Remediation.....	1,200,000	700,000	0	0	500,000	0	0	500,000 <sup>2</sup>
High School.....	48,331,389	33,070,000	13,268,306	550,000	0	1,443,083	0	1,443,083 <sup>1</sup>
Community Center.....	5,900,000	5,580,000	0	0	320,000	0	0	320,000
Land Acquisition - 2003.....	3,000,000	2,835,000	0	0	165,000	0	0	165,000
Wastewater Treatment Plant.....	26,900,000	0	0	0	0	0	26,900,000	26,900,000
New Elementary School.....	29,500,000 <sup>3</sup>	17,640,000	6,663,883	850,000	0	4,346,117	0	4,346,117 <sup>1</sup>
Land Acquisition - 2004.....	4,000,000	650,000	125,000	3,000,000	225,000	0	0	225,000
Public Safety Communications System...	3,100,000	2,855,000	0	0	245,000	0	0	245,000
Riverfront Park - Phase 1.....	4,250,000	2,955,000	905,000	0	390,000	0	0	390,000
<b>Total</b> .....	<b>\$172,424,389</b>	<b>\$98,530,000</b>	<b>\$34,122,645</b>	<b>\$4,400,000</b>	<b>\$1,850,000</b>	<b>\$6,621,744</b>	<b>\$26,900,000</b>	<b>\$35,371,744</b>

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

<sup>2</sup> Represents grants receivable.

<sup>3</sup> 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**

<u>Long-Term Debt</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Bonds.....	\$95,665,000	\$91,025,000	\$75,875,000	\$62,355,000	\$46,175,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes..	1,600,000	0	3,000,000	650,000	3,250,000
<b>Totals</b> .....	<b>\$97,265,000</b>	<b>\$91,025,000</b>	<b>\$78,875,000</b>	<b>\$63,005,000</b>	<b>\$49,425,000</b>

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

Fiscal Year Ended 6/30	Net Assessed Value <sup>2</sup>	Estimated Full Value <sup>2</sup>	Direct Debt	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population <sup>3</sup>	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) <sup>4</sup>
2007	\$3,030,823	\$4,329,747	\$97,265,000	3.21%	2.25%	33,350	\$2,916.49	7.14%
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%

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

<sup>2</sup> 000's omitted.

<sup>3</sup> 2003-07 Population: State of Connecticut, Department of Health Services Estimates.

<sup>4</sup> Income per Capita: \$40,820 - Fiscal Years 2003 -2007 - 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 %
2007	\$10,370,675	\$120,142,961	8.63%
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%

**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.

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

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

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

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

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

However, there can be major expenditures for non-capital items that can be anticipated on a recurring and periodic basis and require significant funding. Examples include property revaluation as required by Connecticut General Statutes, the annual road paving program, technology programs and systems, and other similar items. Such requests shall be reviewed as part of the annual Capital Improvement Program (CIP) process.

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

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

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

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

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

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

**The Capital Improvement Program shall generally be funded as follows:**

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

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

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

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

**Debt Limitations**

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

**Ratio of net debt to equalized full value not to exceed 3.5%**

**Debt Service as a percent of budgeted expenditures not to exceed 10%**

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

**Referendum Threshold – Expenditures of Cash Resources**

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

A referendum threshold is established under this section as a general Council policy for cash funded Capital projects.

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

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

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

## VII. LEGAL AND OTHER LITIGATION

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### 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.

### CLOSING DOCUMENTS TO BE FURNISHED AT CLOSING

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

1. A Signature and No Litigation Certificate stating that at the time of delivery of the Notes no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town signed by the 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 Notes 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 Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Notes substantially in the form of Appendix C attached hereto.
6. The Town of Glastonbury, Connecticut has prepared an Official Statement for the Note issue which is dated April 30, 2008. 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(s) of the Notes 25 copies, of the Official Statement at the Town's expense within seven business days of the bid opening. Additional copies may be obtained by the Purchaser(s) at its own expense by arrangement with the printer.

### CONCLUDING STATEMENT

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

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

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

**TOWN OF GLASTONBURY, CONNECTICUT**

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Richard J. Johnson, *Town Manager*

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

May 6, 2008

**APPENDIX A - BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<b><u>Page</u></b>
<i>Report of Independent Accountants</i>	1-2
<i>Management’s Discussion and Analysis</i>	3-15

***Basic Financial Statements***

*Government-Wide Financial Statements:*

Statement of Net Assets .....	16
Statement of Activities .....	17

***Fund Financial Statements:***

Balance Sheet – Governmental Funds .....	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual – General Fund.....	24
Statement of Fiduciary Net Assets – Fiduciary Funds .....	25
Statements of Changes in Fiduciary Net Assets – Fiduciary Funds .....	26
<i>Notes to Financial Statements</i> .....	27-48

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, 2007 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.



## 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, 2007, 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, 2007 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 15 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 20, 2007 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 20, 2007

**Town of Glastonbury, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2007**

This discussion and analysis of the Town of Glastonbury, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2007. It should be read in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

**Financial Highlights**

- ◆ On a government-wide basis, the assets of the Town of Glastonbury exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$187.05 million. Of the Town's total net assets at June 30, 2007, \$38.42 million, or 20.5%, 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 \$15.74 million or 9.2%, from \$171.31 million to \$187.05 million. Government-wide expenses were \$126.2 million, while revenues were \$141.93 million. The change in net assets is primarily attributable to increases in property taxes, 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 \$39.00 million, a decrease of \$4.30 million from the prior fiscal year. Of the total \$39.00 million fund balance as of June 30, 2007, \$25.96 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 \$29.96 million, while unreserved fund balance of the capital projects funds totals (\$4.00 million). The deficit in the capital projects funds is primarily due to timing differences in incurring obligations (encumbrances) in the Glastonbury High School Renovation Fund, the New Elementary School Fund and the Wastewater Plant Renovation Fund and obtaining resources to fund those obligations either in the form of grants or pending the issuance of debt. 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 \$15.66 million, an increase of approximately \$1.46 million from the prior fiscal year. Of that total fund balance, \$15.28 million is unreserved. The unreserved General Fund balance at year-end represents 12.72% of total General Fund expenditures and transfers out (\$120.14 million on a budget basis).

- ◆ The Town of Glastonbury's total bonded debt increased by \$4.64 million, or 5.1%, during the current fiscal year. There were \$11.12 million of new bonds issued during the fiscal year and \$6.48 million of existing bonds retired. Total outstanding bonded debt at June 30, 2007 is \$95.67 million.
- ◆ There are several major projects approved at referendum that at June 30, 2007 were either in various stages of completion, such as the high school renovations and the new elementary school, 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 \$41.47 million, \$28.6 million 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. It is anticipated that 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 1998 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 fully implemented capital asset reporting, including infrastructure, even though not required to do so 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 nonfinancial 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 16-17 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, the New Elementary School Fund and the Land Acquisition 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, 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 24.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 18-23 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 25 and 26.

### **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 27-48 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 45 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's governmental activities assets exceeded liabilities by \$187.05 million on June 30, 2007.

**Town of Glastonbury**  
**Net Assets**  
**June 30, 2007 and 2006, as Restated**  
**(In 000's)**

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 52,577	\$ 57,982
Capital assets	<u>245,457</u>	<u>219,995</u>
Total assets	<u>298,034</u>	<u>277,977</u>
Long-term liabilities outstanding	100,794	96,328
Other liabilities	<u>10,190</u>	<u>10,337</u>
Total liabilities	<u>110,984</u>	<u>106,665</u>
Net assets:		
Investment in capital assets - net of related debt	148,634	127,585
Unrestricted	<u>38,416</u>	<u>43,727</u>
Total net assets	<u>\$ 187,050</u>	<u>\$ 171,312</u>

By far the largest portion of the Town of Glastonbury's net assets (79.5%) 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, 2007 and 2006, as Restated**  
**(In 000's)**

	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,729	\$ 9,248
Operating grants and contributions	13,671	13,538
Capital grants and contributions	10,658	12,718
General revenues:		
Property taxes	104,152	96,796
Grants not restricted to specific purposes	254	521
Unrestricted investment earnings	3,468	2,633
Gain on disposal of capital assets		1,955
Total revenues	<u>141,932</u>	<u>137,409</u>
Expenses:		
General government services	2,407	2,366
Community development	1,699	1,683
Administrative services	5,056	4,515
Public safety	9,541	9,435
Physical services	9,749	9,836
Sanitation	2,500	2,331
Human services	2,408	2,218
Leisure/culture	5,451	5,566
Education	83,547	78,790
Interest on long-term debt	3,836	3,203
Total expenses	<u>126,194</u>	<u>119,943</u>
Change in net assets	15,738	17,466
Net assets, beginning	<u>171,312</u>	<u>153,846</u>
Net assets, ending	<u>\$ 187,050</u>	<u>\$ 171,312</u>

Glastonbury's net assets increased \$15.738 million during the fiscal year. This increase reflects a continuing increase in property tax revenues and investment income.

## **Governmental Activities**

Approximately 73.4% of the revenues were derived from property taxes, followed by 9.6% from operating grants, 7.5% from capital grants and contributions, and 6.9% from charges for services. The remaining 2.6% of revenues was derived from investment earnings and other grants that were not restricted for specific purposes.

Major revenue factors included:

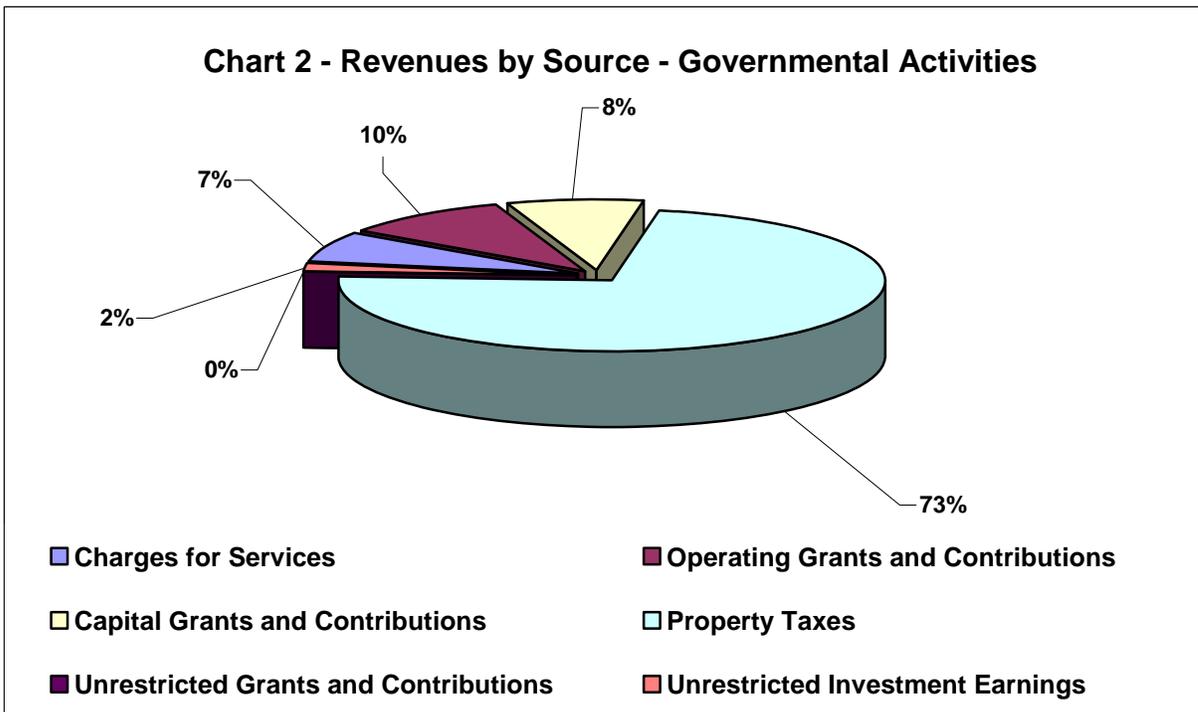
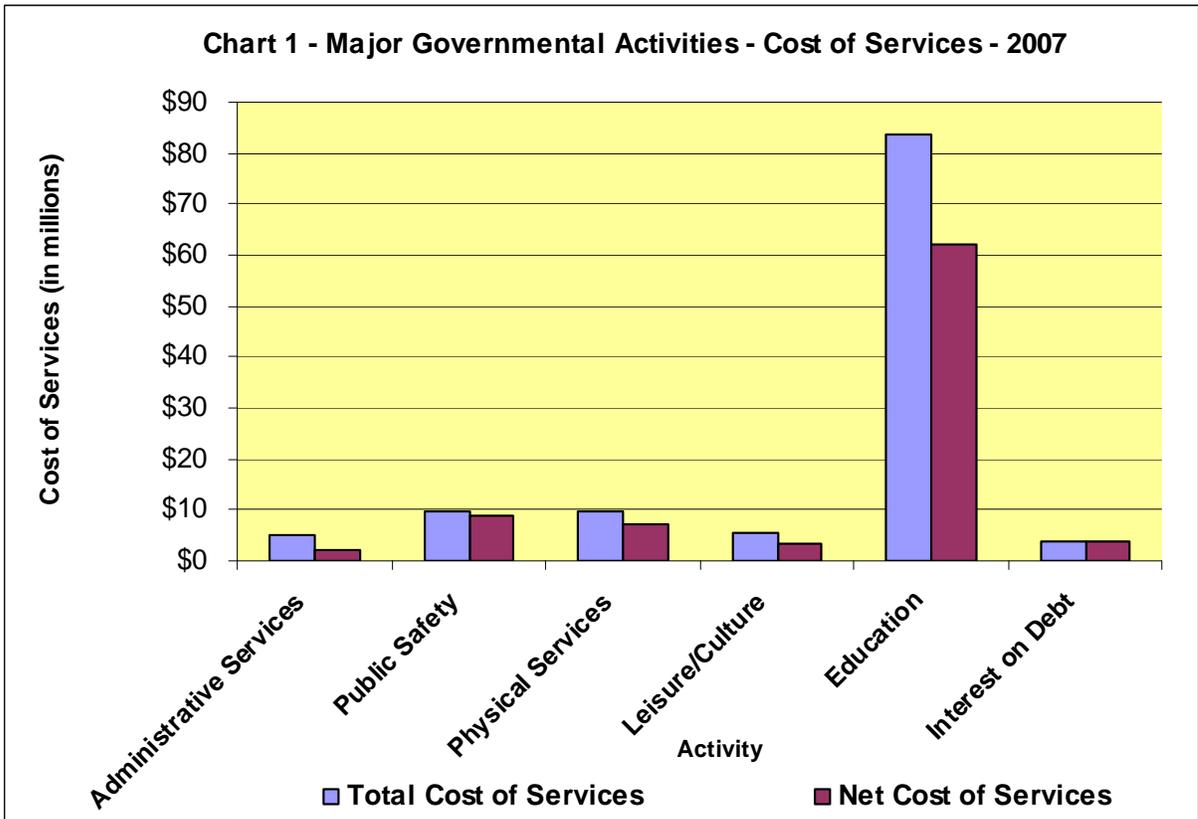
- ◆ Property tax revenues recorded for fiscal year 2007 totaled \$104.152 million, an increase of 7.6% over 2006. The increase is attributable to a 2% increase in the grand list (\$60 million) and an increase in the mill rate from 32.1 to 34 or 5.9%.
- ◆ Capital grants and contributions reported a net decrease of \$2.06 million. The Town received approximately \$4.23 million less in school construction grant progress payments than in the prior year; however, the Town received donations of roadways valued at approximately \$1.3 million in the current year that it did not receive in the prior year.
- ◆ Investment income increased by \$.835 million or 31.7% due to the rising interest rates throughout the year.
- ◆ The Town recognized a gain on disposal of capital assets through the sale of Town owned property in the amount of \$1.95 million in the previous year that was not duplicated in the current year.

For governmental activities, 66.2% of the Town's expenses related to education. Public safety accounted for 7.6%, physical services and sanitation accounted for 9.7%, human services, parks and recreation, and library services accounted for 6.2% of expenses. The remaining 10.3% relates to general government, community development, administrative services and interest on long-term debt.

Total expenses for the Town increased 5.2%. Education expenses increased by 6.04%, Town operating expenses increased 2.27% and interest on long term debt increased 19.8%. Major expense factors include:

- ◆ Increases in the Town's operating costs were due primarily to moderate increases in wages and health-care costs as well as a significant increase in pension costs. These increases were offset through significant savings in wages realized through unfilled vacancies, as well as savings generated for budgeted amounts for wages, fuel and snow removal related materials due to the relatively mild winter season experienced during the year.
- ◆ The cost of education services increases were primarily 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 June 30, 2007, the Town of Glastonbury's governmental funds reported combined ending fund balances of \$39 million, a decrease of \$4.3 million as of June 30, 2007. Approximately \$13.04 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 \$25.96 million constitutes unreserved fund balance. Unreserved fund balance of the general and special revenue funds total \$15.28 million and \$14.69 million, respectively, while unreserved fund balance of the capital projects funds totals (\$4.00 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 \$15.28 million while total fund balance reached \$15.66 million.

As stated earlier, the fund balance of the Town's General Fund increased by \$1.46 million during the current fiscal year. Key factors in this increase are as follows:

- ◆ Building permits issued exceeded expectations by \$436,000. 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 \$765,900 due to the steadily rising interest rates during the year.
- ◆ The current levy and back tax collections exceeded budgeted amounts by \$261,000 due to aggressive efforts by the Revenue Collector to collect on delinquent tax accounts.
- ◆ Town Clerk conveyance fees exceeded budgeted amounts by \$188,000. While there has been a decrease in the number of home sales and transfers experienced throughout the year, the transaction values for residential properties were higher.

- ◆ Due to the increased demand for park and recreation programs, fees generated \$102,000 more than anticipated during the year.
- ◆ Due to vacancies in various positions the following surpluses in wage accounts were generated throughout Town departments: Health - \$35,000; Highway - \$43,000; Youth and Family Services - \$29,000.
- ◆ Administrative Services realized a total savings of \$163,000 due in part to position vacancies and restructuring, the restructuring of various lease options for copiers and related software, and a delay in executing various consultant agreement contracts.
- ◆ Public Safety realized a significant savings of \$70,000 in employee related insurance due to vacancies in full time positions throughout the year.
- ◆ Highway realized a savings in the amount of \$218,000 due primarily to unexpended funds budgeted for snow removal materials due to a mild winter and the delay of the purchase of two dump truck bodies and accessories in the amount of \$105,000.
- ◆ The Town returned \$155,000 of budgeted contingency funds.

At the close of the year, the Town's other governmental funds reported, on a current financial resource basis, combined ending fund balances of \$23.34 million, a decrease of approximately \$5.76 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 Town incurred \$1.4 million in expenditures for the Public Safety Communications upgrade that was financed through the issuance of bonds in the previous fiscal year.
- ◆ Expenditures for the Glastonbury High School Renovations and New (Nayaug) Elementary School projects totaled approximately \$7.896 and \$13.426 million, respectively, essentially utilizing the beginning fund balances in these funds of \$5.454 and \$3.475 million and portions of new financing issued during the year of \$1.15 and \$6.7 million.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended expenditure budget was \$3,400,882. 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 \$1,691,563 to reflect the receipt of special education excess costs and transportation grants from the State of Connecticut Department of Education and community use custodial fee reimbursements.
- ◆ Encumbrances and other commitments from the prior fiscal year were carried over in the amount of \$113,372.

- ◆ Increased the Police Department appropriations \$225,000 and \$15,947 for private duty expenditures and unanticipated grants for uniforms and DUI enforcement, respectively.
- ◆ Increased the transfer to the Capital Reserve Fund by \$1,000,000 for artificial turf at the high school football field.
- ◆ Increased transfers to sewer funds for related infrastructure improvements in the amount of \$30,000.
- ◆ Increased the transfers to the capital projects land acquisition account in the amount of \$325,000 for various land purchases.

During the year, actual revenues and transfers in on a budgetary basis were \$121.60 million which exceeded budgetary estimates by \$401,000. Significant contributions to this increase were revenues that exceeded budget estimates from the following sources: building permits in the amount of \$436,000; town clerk conveyance fees in the amount of \$188,000; investment income in the amount of \$766,000; and park and recreation fees in the amount of \$102,000. Offsetting these surpluses in revenues was an increase in the use of fund balance of \$1,325,000 to fund a transfer to the Capital Reserve Fund for land acquisition and the purchase and installation of artificial turf at the high school.

Actual expenditures and transfers out on a budgetary basis totaled \$120.14 million, which is \$1.21 million less than the budget of \$121.35 million. In accordance with the Town Charter, the fiscal year 2007 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 Administrative Services, Public Safety, Physical Services, Human Services and Contingency, the Town ended the year with a net increase in fund balance of \$1.462 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, 2007 amounted to \$367.2 million on a gross basis and \$245.5 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads, sewers and bridges. The net increase in the Town of Glastonbury's investment in capital assets before depreciation for the fiscal year was \$32.34 million.

**Town of Glastonbury  
Capital Assets  
June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
Governmental funds capital assets:		
Land	\$ 27,131,528	\$ 24,742,431
Development rights	727,159	50,539
Construction in progress	82,816,956	56,048,826
Land improvements	5,128,125	4,604,583
Buildings and improvements	104,187,424	103,730,994
Machinery and equipment	19,027,315	18,840,680
Infrastructure	128,180,482	126,843,816
 Total	 \$ 367,198,989	 \$ 334,861,869

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, 2007, a total of \$46.5 million had been expended.
- ◆ The design phase continued for the Wastewater Treatment Plant Renovation Project, which was originally funded at \$26.9 million; however, based on revised estimates, additional funding was approved in the amount of \$4 million for a total appropriation of \$30.9 million. The additional amount is to be funded from the Sewer Sinking Fund as necessary dependent on final determination of State Clean Water Fund grant and loan funding. Total expenditures through June 30, 2007 were \$1.46 million.
- ◆ Construction continued on the new elementary school funded at \$28.75 million. As of June 30, 2007, this project was substantially complete with a scheduled opening in September 2007. A total of \$24 million had been expended through June 30, 2007.
- ◆ Construction of the Riverfront Park continued throughout the year with a grand opening of the facility in May 2007. Project expenditures, approved at referendum in May 2006, in the amount of \$4.25 million, totaled \$3.76 million at June 30, 2007.
- ◆ Resurfacing of Main Street occurred during the year. Approved at \$2.1 million, total expenditures through June 30, 2007 totaled \$1.93 million. Federal grants will offset a major portion of these expenditures.
- ◆ Other major capital items included the purchase of fire apparatus in the amount of \$156,000, road improvements in the amount of \$400,000, public safety communications upgrade of \$2.86 million and technology equipment at the high school in the amount of \$750,000.

Additional information on the Town of Glastonbury's capital assets can be found on page 38 of this report. Capital project expenditures can be found on pages 84-87 of the report.

**Long-Term Debt.** At the end of the current fiscal year, the Town of Glastonbury had total bonded debt outstanding of \$95,665,000. 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 \$729,820,301. As of June 30, 2007, the Town recorded long-term debt of \$95,665,000, 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 41 through 43 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.

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## **Basic Financial Statements**

**TOWN OF GLASTONBURY, CONNECTICUT**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 46,356,896
Receivables, net:	
Property taxes	248,058
Special assessments	845,355
Accounts receivable	1,125,769
Federal and state governments	2,728,808
Inventory	223,427
Deferred charges	876,938
Pension asset	158,114
Other assets	13,908
Capital assets, nondepreciable	110,675,643
Capital assets, net of accumulated depreciation	<u>134,781,477</u>
Total assets	<u>298,034,393</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	4,997,585
Due to developers for escrow deposits	1,464,450
Due to others for escrow deposits	771,835
Bond anticipation notes	1,600,000
Unearned revenue	550,762
Accrued interest payable	806,363
Noncurrent liabilities:	
Due within one year	7,069,575
Due in more than one year	<u>93,724,214</u>
Total liabilities	<u>110,984,784</u>
<b>Net Assets:</b>	
Investment in capital assets, net of related debt	148,634,177
Unrestricted	<u>38,415,432</u>
Total Net Assets	<u>\$ 187,049,609</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, 2007**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net Revenue (Expense) and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Total</b>
Governmental activities:					
General government services	\$ 2,407,411	\$	\$	\$	\$ (2,407,411)
Community development	1,699,522	1,241,889	36,951		(420,682)
Administrative services	5,056,474	2,189,984	664,425		(2,202,065)
Public safety	9,540,865	572,105	109,307		(8,859,453)
Physical services	9,748,631	33,173		2,538,662	(7,176,796)
Sanitation	2,500,182	2,526,993		290,938	317,749
Human services	2,407,729	149,299	382,577		(1,875,853)
Leisure/culture	5,450,780	1,042,440	70,120	934,431	(3,403,789)
Education	83,546,722	1,973,512	12,407,602	6,893,976	(62,271,632)
Interest on long-term debt	3,835,804				(3,835,804)
<b>Total Governmental Activities</b>	<b>\$ 126,194,120</b>	<b>\$ 9,729,395</b>	<b>\$ 13,670,982</b>	<b>\$ 10,658,007</b>	<b>(92,135,736)</b>
		General revenues:			
		Property taxes			104,151,495
		Grants and contributions not restricted to specific programs			253,456
		Unrestricted investment earnings			3,468,398
		Total general revenues			107,873,349
		Change in net assets			15,737,613
		Net Assets at Beginning of Year			171,311,996
		Net Assets at End of Year			\$ 187,049,609

The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Special Assessment Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,019,604	\$ 4,373,865	\$ 11,336,211
Receivables, net:			
Property taxes	248,058		
Assessments and use charges			801,993
Intergovernmental			
Other	910,802	255	31,962
Inventory	190,238		
Due from other funds		650,000	
Other assets	13,908		
Total Assets	<u>\$ 21,382,610</u>	<u>\$ 5,024,120</u>	<u>\$ 12,170,166</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other payables	\$ 2,550,835	\$	\$
Bond anticipation notes payable			
Due to other funds		3,965,135	
Due to developers for escrow deposits	1,459,045		5,405
Due to others for escrow deposits	771,835		
Deferred revenues	936,663		801,993
Total liabilities	<u>5,718,378</u>	<u>3,965,135</u>	<u>807,398</u>
Fund balances:			
Reserved for:			
Encumbrances	128,135		
Inventory	190,238		
Capital outlay	69,500		
Unreserved, reported in:			
General fund	15,276,359		
Special revenue funds		1,058,985	11,362,768
Capital projects funds			
Total fund balances	<u>15,664,232</u>	<u>1,058,985</u>	<u>11,362,768</u>
Total Liabilities and Fund Balances	<u>\$ 21,382,610</u>	<u>\$ 5,024,120</u>	<u>\$ 12,170,166</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>Land Acquisition Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,541,081	\$ 1,793,889	\$ 1,036,498	\$ 1,762,858	\$ 3,492,890	\$ 46,356,896
					248,058
33,362					835,355
		796,748		63,926	860,674
20,304				114,446	1,077,769
				33,189	223,427
		275,157		3,965,135	4,890,292
					13,908
<u>\$ 2,594,747</u>	<u>\$ 1,793,889</u>	<u>\$ 2,108,403</u>	<u>\$ 1,762,858</u>	<u>\$ 7,669,586</u>	<u>\$ 54,506,379</u>
\$	\$ 715,483	\$ 756,728	\$ 5,715	\$ 968,824	\$ 4,997,585
			1,600,000		1,600,000
				925,157	4,890,292
					1,464,450
					771,835
33,362				10,946	1,782,964
<u>33,362</u>	<u>715,483</u>	<u>756,728</u>	<u>1,605,715</u>	<u>1,904,927</u>	<u>15,507,126</u>
	2,173,214	2,910,352	243,750	5,075,052	10,530,503
				33,189	223,427
2,213,522					2,283,022
					15,276,359
347,863				1,917,195	14,686,811
	(1,094,808)	(1,558,677)	(86,607)	(1,260,777)	(4,000,869)
<u>2,561,385</u>	<u>1,078,406</u>	<u>1,351,675</u>	<u>157,143</u>	<u>5,764,659</u>	<u>38,999,253</u>
<u>\$ 2,594,747</u>	<u>\$ 1,793,889</u>	<u>\$ 2,108,403</u>	<u>\$ 1,762,858</u>	<u>\$ 7,669,586</u>	<u>\$ 54,506,379</u>

**TOWN OF GLASTONBURY, CONNECTICUT**

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

**JUNE 30, 2007**

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

Fund balances - total governmental funds (page 19) \$ 38,999,253

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 367,198,989	
Less accumulated depreciation	<u>(121,741,869)</u>	
Net capital assets		245,457,120

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	876,938
Property tax receivables greater than 60 days	1,232,202
Interest receivable on sewer assessments	58,000
Pension asset	158,114
Receivable from the state for school construction projects	1,868,130

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

Bonds payable	(95,665,000)
Bond premium	(931,068)
Interest payable on bonds	(806,359)
Notes payable	(226,875)
Compensated absences	<u>(3,970,846)</u>

Net Assets of Governmental Activities (page 16) \$ 187,049,609

The accompanying notes are an integral part of the financial statements

**TOWN OF GLASTONBURY, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Special Assessment Fund</u>
Revenues:			
Property taxes	\$ 104,127,646	\$	\$ 290,938
Licenses and permits	1,347,568		
Intergovernmental	7,469,242		
Charges for services	3,048,447		
Investment income	2,115,892	285,872	616,466
Other revenues	1,937,873	24,100	
State payment for teacher's retirement system	4,616,951		
Total revenues	124,663,619	309,972	907,404
Expenditures:			
Current:			
General government	2,326,787		
Community development	1,668,626		
Administrative services	5,018,769		
Public safety	8,925,970		
Physical services	5,089,293		
Sanitation	2,242,013		
Human services	2,151,797		
Leisure/culture	4,962,809		
Education	74,031,222		
State payment for teacher's retirement system	4,616,951		
Debt service	10,370,675		
Capital outlay			
Total expenditures	121,404,912	-	-
Excess (Deficiency) of Revenues over Expenditures	3,258,707	309,972	907,404
Other Financing Sources (Uses):			
Issuance of bonds			
Transfers in	1,558,223	4,274,685	
Transfers out	(3,355,000)	(4,162,000)	(111,745)
Total other financing sources (uses)	(1,796,777)	112,685	(111,745)
Net Change in Fund Balances	1,461,930	422,657	795,659
Fund Balances at Beginning of Year	14,202,302	636,328	10,567,109
Fund Balances at End of Year	\$ 15,664,232	\$ 1,058,985	\$ 11,362,768

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>Land Acquisition Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$	\$	\$	\$ 104,418,584
					1,347,568
	2,269,731	4,609,194		4,386,961	18,735,128
1,865,897				1,433,145	6,347,489
157,966	99,906	(6,545)	14,120	184,721	3,468,398
34,022		12	14,104	603,372	2,613,483
					4,616,951
<u>2,057,885</u>	<u>2,369,637</u>	<u>4,602,661</u>	<u>28,224</u>	<u>6,608,199</u>	<u>141,547,601</u>
					2,326,787
					1,668,626
2,569				247,583	5,268,921
				125,742	9,051,712
					5,089,293
					2,242,013
					2,151,797
				44,622	5,007,431
				3,455,946	77,487,168
					4,616,951
					10,370,675
	<u>7,895,932</u>	<u>13,425,906</u>	<u>344,781</u>	<u>10,015,302</u>	<u>31,681,921</u>
<u>2,569</u>	<u>7,895,932</u>	<u>13,425,906</u>	<u>344,781</u>	<u>13,889,195</u>	<u>156,963,295</u>
<u>2,055,316</u>	<u>(5,526,295)</u>	<u>(8,823,245)</u>	<u>(316,557)</u>	<u>(7,280,996)</u>	<u>(15,415,694)</u>
	1,150,000	6,700,000	210,000	3,060,000	11,120,000
			106,470	4,617,000	10,556,378
<u>(1,431,702)</u>				<u>(1,495,931)</u>	<u>(10,556,378)</u>
<u>(1,431,702)</u>	<u>1,150,000</u>	<u>6,700,000</u>	<u>316,470</u>	<u>6,181,069</u>	<u>11,120,000</u>
623,614	(4,376,295)	(2,123,245)	(87)	(1,099,927)	(4,295,694)
<u>1,937,771</u>	<u>5,454,701</u>	<u>3,474,920</u>	<u>157,230</u>	<u>6,864,586</u>	<u>43,294,947</u>
<u>\$ 2,561,385</u>	<u>\$ 1,078,406</u>	<u>\$ 1,351,675</u>	<u>\$ 157,143</u>	<u>\$ 5,764,659</u>	<u>\$ 38,999,253</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, 2007**

Amounts reported for governmental activities in the statement of activities (page 17) are different because of the following:

Net change in fund balances - total governmental funds (page 22)	\$	(4,295,694)
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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		31,620,647
Depreciation expense		(7,376,242)

Disposal of capital assets		(57,364)
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Donated capital assets are accounted for as revenue at their fair value at date of donation in the statement of activities		1,274,944
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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		23,849
Interest income on sewer assessments		(2,500)
Intergovernmental revenue on school bonds		(874,288)

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		(11,120,000)
Bond issuance costs		63,586
Accrued interest		(107,073)
Principal payments		6,631,875

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		10,069
Change in pension asset		(1,218)
Change in long-term compensated absences		(52,978)

Change in Net Assets of Governmental Activities (page 17)	\$	<u>15,737,613</u>
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**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Property taxes	\$ 103,786,637	\$ 103,786,637	\$ 104,127,646	\$ 341,009
Licenses and permits	871,250	871,250	1,347,568	476,318
Intergovernmental	5,770,493	7,438,009	7,469,242	31,233
Charges for services	2,513,000	2,777,994	3,048,447	270,453
Other revenue	3,117,220	3,117,220	4,053,765	936,545
<b>Total revenues</b>	<u>116,058,600</u>	<u>117,991,110</u>	<u>120,046,668</u>	<u>2,055,558</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,432,109	2,422,453	2,326,787	95,666
Community development	1,772,388	1,759,888	1,668,626	91,262
Administrative services	5,111,736	5,182,639	5,018,769	163,870
Public safety	8,826,990	9,103,012	8,925,970	177,042
Physical services	5,418,407	5,365,125	5,089,293	275,832
Sanitation	2,195,906	2,281,238	2,242,013	39,225
Human services	2,222,062	2,259,562	2,151,797	107,765
Leisure/culture	4,987,815	4,997,815	4,962,809	35,006
Contingency	175,000	155,000		155,000
Education	72,351,145	74,042,708	74,031,222	11,486
Debt service	10,422,464	10,422,464	10,370,675	51,789
<b>Total expenditures</b>	<u>115,916,022</u>	<u>117,991,904</u>	<u>116,787,961</u>	<u>1,203,943</u>
Excess (Deficiency) of Revenues over Expenditures	<u>142,578</u>	<u>(794)</u>	<u>3,258,707</u>	<u>3,259,501</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,887,422	3,212,422	1,558,223	(1,654,199)
Transfers out	(2,030,000)	(3,355,000)	(3,355,000)	-
<b>Total other financing sources (uses)</b>	<u>(142,578)</u>	<u>(142,578)</u>	<u>(1,796,777)</u>	<u>(1,654,199)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (143,372)</u>	1,461,930	<u>\$ 1,605,302</u>
Fund Balance at Beginning of Year			<u>14,202,302</u>	
Fund Balance at End of Year			<u>\$ 15,664,232</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, 2007**

	<u><b>Pension Trust Fund</b></u>	<u><b>Agency Funds</b></u>
<b>Assets:</b>		
Cash and cash equivalents	\$ _____	\$ <u>837,519</u>
Investments, at fair value:		
Equity - domestic	36,841,837	
Equity - international	13,748,669	
Real estate	4,624,377	
Fixed income	<u>31,278,738</u>	
Total investments	<u>86,493,621</u>	<u>-</u>
 Total assets	 <u>86,493,621</u>	 <u>837,519</u>
<b>Liabilities</b>		
Due to student groups		824,931
Due to others		<u>12,588</u>
Total liabilities	<u>-</u>	<u>837,519</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 86,493,621</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, 2007  
(With Comparative Totals for 2006)**

	<b>Pension Trust Funds</b>	
	<u>2007</u>	<u>2006</u>
Additions:		
Contributions:		
Employer	\$ 1,716,948	\$ 1,359,325
Employee	927,283	1,003,219
Total contributions	<u>2,644,231</u>	<u>2,362,544</u>
Investment income:		
Net appreciation in fair value of investment	9,251,978	4,680,280
Interest and dividends	2,795,755	1,975,198
Other investment income		180,292
Total investment earnings	<u>12,047,733</u>	<u>6,835,770</u>
Less investment expenses:		
Administration fees	107,649	121,797
Investment management fees	393,721	326,986
Total investment expenses	<u>501,370</u>	<u>448,783</u>
Net investment income	<u>11,546,363</u>	<u>6,386,987</u>
Total additions	14,190,594	8,749,531
Deductions:		
Benefit payments	<u>3,644,171</u>	<u>3,423,161</u>
Change in net assets	10,546,423	5,326,370
Net Assets Held in Trust at Beginning of Year	<u>75,947,198</u>	<u>70,620,828</u>
Net Assets Held in Trust at End of Year	<u>\$ 86,493,621</u>	<u>\$ 75,947,198</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF GLASTONBURY, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 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**

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**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**

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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.

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

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

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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 uncollectible amounts.

**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:

<b>Assets</b>	<b>Years</b>
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**

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Vacation and sick leave expenses to be paid in future periods are accrued when earned by employees in the government-wide financial statements. The liability for compensated absences has typically been liquidated through the general fund.

**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**

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**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 GAAP 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**

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

Expenditures may not legally exceed budgeted appropriations at the object level. Budget transfers within a department can be authorized by the Town Manager when the amount is less than \$5,000 within any department and does not include additional staffing or monies to acquire capital items deleted in prior budgets. Transfers greater than \$5,000 within departments must be approved by the Board of Finance. Other transfers between departments require Council and Board of Finance approval. However, such transfers may occur only after April 1 of the fiscal year. For the year ended June 30, 2007, supplemental appropriations in the amount of \$2,075,882 were approved by the Council and the Board of Finance.

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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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	\$ 120,046,668
On-behalf payments, paid directly by the State of Connecticut Teachers' Retirement System, not recognized for budgetary purposes	<u>4,616,951</u>
Revenues, GAAP Basis	<u>\$ 124,663,619</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	\$ 116,787,961
On-behalf payments, paid directly by the State of Connecticut Teachers' Retirement System not recognized for budgetary purposes	<u>4,616,951</u>
Expenditures, GAAP Basis	<u>\$ 121,404,912</u>

**B. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2007:

Special Revenue:	
Dog Fund	\$ 2,586
Capital Projects:	
Middle School Projects	422,161
Wastewater Plant Renovation	275,157

The deficits in the Dog Fund and the Middle School Projects Fund will be funded by future appropriations. The Deficit in the Wastewater Plant Renovation Fund 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.

**TOWN OF GLASTONBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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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	30%
Mid-capitalization U.S. equity	7%
Small capitalization U.S. equity	6%
International equity	16%
Real estate equity	5%
Fixed income	36%

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 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

**TOWN OF GLASTONBURY, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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, 2007, \$6,386,236 of the Town's bank balance of \$17,786,236 was exposed to custodial credit risk as follows: \$5,683,418 was uninsured and uncollateralized and \$702,818 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, 2007, the Town had the following investments:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Investment Maturities (Years)</b>		
			<b>Less Than 1</b>	<b>1 - 10</b>	<b>More Than 10</b>
Certificates of deposit Insurance company general accounts - pension	n/a	\$ 18,069,612	\$ 18,069,612	\$	
Insurance company separate accounts - pension	n/a	9,116,055	9,116,055		
Reich and Tang	n/a	77,377,566	77,377,566		
State of CT STIF	AAAm	216,937	216,937		
MBIA CLASS Plus	AAA	13,144,789	13,144,789		
		507,124	507,124		
<b>Total Investments</b>		<b>\$ 118,432,083</b>	<b>\$ 118,432,083</b>	<b>\$ -</b>	<b>\$ -</b>

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.

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**B. Fund Receivables**

Receivables at June 30, 2007, including the applicable allowances for collection losses, are as follows:

	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Special Assessment Fund</u>	<u>Sewer Operating Fund</u>	<u>New Elementary School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 396,058						\$ 396,058
Assessments and use charges			890,993	46,768			937,761
Intergovernmental					796,748	63,926	860,674
Other	<u>910,802</u>	<u>255</u>	<u>31,962</u>	<u>20,304</u>		<u>114,446</u>	<u>1,077,769</u>
Total gross receivables	1,306,860	255	922,955	67,072	796,748	178,372	3,272,262
Allowance for collection losses	<u>148,000</u>		<u>89,000</u>	<u>13,406</u>			<u>250,406</u>
Total - Governmental Activities	<u>\$ 1,158,860</u>	<u>\$ 255</u>	<u>\$ 833,955</u>	<u>\$ 53,666</u>	<u>\$ 796,748</u>	<u>\$ 178,372</u>	<u>\$ 3,021,856</u>

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

General Fund:

Uncollectible related to property taxes	\$ 1,480
Special Assessment Fund	19,350
Sewer Operating Fund	13,406

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	\$ 248,058	
Other	148,789	
Property taxes collected in advance		322,879
Unearned grant revenue		216,937
Special Assessment Fund:		
Assessments receivable	801,993	
Sewer Operating Fund:		
Delinquent charges receivable	33,362	
Special Revenue Fund - Special Education Grants:		
Various education grants		<u>10,946</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,232,202</u>	<u>\$ 550,762</u>

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2007 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	\$ 24,742,431	\$ 2,389,097	\$	\$ 27,131,528
Development rights	50,539	676,620		727,159
Construction in progress	<u>56,048,826</u>	<u>30,112,121</u>	<u>3,343,991</u>	<u>82,816,956</u>
Total capital assets not being depreciated	<u>80,841,796</u>	<u>33,177,838</u>	<u>3,343,991</u>	<u>110,675,643</u>
Capital assets being depreciated:				
Land improvements	4,604,583	523,542		5,128,125
Buildings and improvements	103,730,994	456,430		104,187,424
Machinery and equipment	18,840,680	732,638	546,003	19,027,315
Infrastructure	<u>126,843,816</u>	<u>1,336,666</u>		<u>128,180,482</u>
Total capital assets being depreciated	<u>254,020,073</u>	<u>3,049,276</u>	<u>546,003</u>	<u>256,523,346</u>
Less accumulated depreciation for:				
Land improvements	1,807,335	220,208		2,027,543
Buildings and improvements	29,296,926	2,025,108		31,322,034
Machinery and equipment	9,602,931	971,169	501,107	10,072,993
Infrastructure	<u>74,159,542</u>	<u>4,159,757</u>		<u>78,319,299</u>
Total accumulated depreciation	<u>114,866,734</u>	<u>7,376,242</u>	<u>501,107</u>	<u>121,741,869</u>
Total capital assets being depreciated, net	<u>139,153,339</u>	<u>(4,326,966)</u>	<u>44,896</u>	<u>134,781,477</u>
Governmental Activities Capital Assets, Net	<u>\$ 219,995,135</u>	<u>\$ 28,850,872</u>	<u>\$ 3,388,887</u>	<u>\$ 245,457,120</u>

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

Governmental activities:	
General government	\$ 35,936
Community development	8,423
Administrative services	11,172
Public safety	457,144
Physical services	4,385,926
Sanitation	234,688
Human services	190,300
Leisure/culture	268,749
Education	<u>1,783,904</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 7,376,242</u>

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Construction Commitments**

The Town has the following construction commitments as of June 30, 2007:

	<u>Project Authorization</u>	<u>Expended to June 30, 2007</u>	<u>Encumbered at June 30, 2007</u>
Capital Reserve Fund:			
Bell Street Bridge	\$ 758,075	\$ 179,539	\$ 577,804
Main Street Resurface	2,105,480	1,932,790	568,501
New London Turnpike Water Main	125,500	94,320	26,303
Naubuc Bridge Wall	390,000	45,429	400
GHS Construction - Masonry	165,000	3,971	147,999
GHS Track/Football Field	1,361,432	170,808	1,286,251
Riverfront Park Extension	150,000	49,495	19,046
Sewer Sinking Fund:			
Parker Terrace Pump Station	90,000		49,065
Complex Funding/Grants:			
Wastewater Plant Renovations	30,900,000	1,457,321	1,244,311
GHS Renovation and Addition	49,328,889	46,449,417	2,173,214
New Elementary School	28,750,000	23,989,146	2,910,352
Riverfront Park	4,250,000	3,756,986	314,641
Total	\$ <u>118,374,376</u>	\$ <u>78,129,222</u>	\$ <u>9,317,887</u>

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

**D. Interfund Receivables, Payables and Transfers**

As of June 30, 2007, 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	275,157
Nonmajor Governmental Funds	Capital and Nonrecurring Expenditures Fund	<u>3,965,135</u>
Total		\$ <u>4,890,292</u>

The balance of \$3,965,135 due to nonmajor funds represents amounts committed to fund various capital projects.

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Interfund transfers during the year ended June 30, 2007 were as follows:

	Transfers Out					Total Transfers In
	General Fund	Capital and Nonrecurring Expenditures Fund	Special Assessment Fund	Sewer Operating Fund	Nonmajor Funds	
Transfers in:						
General Fund	\$	\$	\$ 11,745	\$ 1,431,702	\$ 114,776	\$ 1,558,223
Capital and Nonrecurring	3,000,000				1,274,685	4,274,685
Land Acquisition					106,470	106,470
Nonmajor funds	355,000	4,162,000	100,000			4,617,000
Total Transfers Out	\$ 3,355,000	\$ 4,162,000	\$ 111,745	\$ 1,431,702	\$ 1,495,931	\$ 10,556,378

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**

Bond anticipation note transactions for the year ended June 30, 2007 were as follows:

Outstanding, June 30, 2006	\$ -
New borrowings	5,100,000
Repayments	3,500,000
Outstanding, June 30, 2007	\$ 1,600,000

The bond anticipation note outstanding on June 30, 2007 matures December 10, 2007 and bears interest of 4%.

**F. General Obligation Bonds - Prior Years Defeasance**

As of June 30, 2007, the principal amount of defeased debt outstanding, but removed from the government-wide statements, amounted to \$11,425,000. The balance in escrow was \$11,614,575 at June 30, 2007.

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**G. Long-Term Debt**

Long-term debt activity for the year ended June 30, 2007 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, 2006</u>	<u>Additions</u>	<u>Deduct-ions</u>	<u>Balance June 30, 2007</u>	<u>Due within One Year</u>
Schools:									
School bonds	\$2,565,000	8/15/88	8/15/08	6.9-7.03	\$ 384,750	\$	\$ 128,250	\$ 256,500	\$ 128,250
School bonds	5,000,000	10/15/90	10/15/06	8.0-6.0	330,000		330,000	-	
School bonds	12,000,000	4/1/99	8/1/18	4.1-4.75	8,250,000		650,000	7,600,000	650,000
School bonds	3,400,000	3/1/02	3/1/22	3.25-4.8	2,640,000		190,000	2,450,000	190,000
School bonds	13,040,000	6/15/04	6/15/24	3.0-4.0	11,730,000		655,000	11,075,000	655,000
Refunding bonds	18,211,695	12/28/04	8/1/18	3.0-5.0	16,659,834		1,588,461	15,071,373	1,554,041
School bonds	13,340,000	5/15/05	5/15/25	3.1-4.25	12,673,000		667,000	12,006,000	667,000
School bonds	16,480,000	5/15/06	5/15/26	4.0-5.0	16,480,000		745,000	15,735,000	825,000
School bonds	7,850,000	5/15/07	5/15/27	5.25-4.0		7,850,000		7,850,000	395,000
Total schools					<u>69,147,584</u>	<u>7,850,000</u>	<u>4,953,711</u>	<u>72,043,873</u>	<u>5,064,291</u>
General purpose:									
Improvement bonds	1,835,000	8/15/88	8/15/08	6.9-7.03	215,250		71,750	143,500	71,750
Improvement bonds	2,000,000	10/15/90	10/15/06	8.0-6.0	130,000		130,000	-	
Improvement bonds	2,100,000	12/15/98	2/15/18	4.125-4.7	1,200,000		100,000	1,100,000	100,000
Improvement bonds	2,250,000	3/1/02	3/1/22	3.25-4.8	1,810,000		110,000	1,700,000	110,000
Improvement bonds	6,960,000	6/15/04	6/15/24	3.0-4.0	6,270,000		345,000	5,925,000	345,000
Refunding bonds	3,493,305	12/28/04	8/1/18	3.0-5.0	3,230,166		271,539	2,958,627	270,959
Improvement bonds	5,160,000	5/15/05	5/15/25	3.1-4.25	4,902,000		258,000	4,644,000	258,000
Improvement bonds	4,120,000	5/15/06	5/15/26	4.0-5.0	4,120,000		240,000	3,880,000	250,000
Improvement bonds	3,270,000	5/15/07	5/15/27	4.0-5.25		3,270,000		3,270,000	175,000
Total general purpose					<u>21,877,416</u>	<u>3,270,000</u>	<u>1,526,289</u>	<u>23,621,127</u>	<u>1,580,709</u>
Total Bonds					<u>91,025,000</u>	<u>11,120,000</u>	<u>6,480,000</u>	<u>95,665,000</u>	<u>6,645,000</u>
Issuance Premium	1,109,094	Var.	Var.	n/a	1,006,159		75,091	931,068	
Notes:									
Land-Naubuc/Phelps	21,000	8/14/02	10/15/07	n/a	135,000		30,000	105,000	105,000
Land-Marchand	243,750	7/22/05	9/1/07	n/a	243,750		121,875	121,875	121,875
Total notes					<u>378,750</u>	<u>-</u>	<u>151,875</u>	<u>226,875</u>	<u>226,875</u>
Compensated Absences					<u>3,917,868</u>	<u>352,525</u>	<u>299,547</u>	<u>3,970,846</u>	<u>197,700</u>
Total General Long-Term Obligations					<u>\$ 96,327,777</u>	<u>\$ 11,472,525</u>	<u>\$ 7,006,513</u>	<u>\$ 100,793,789</u>	<u>\$ 7,069,575</u>

Long term liabilities are generally liquidated by the General Fund.

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 6,645,000	\$ 3,937,763	\$ 10,582,763
2009	6,960,000	3,664,875	10,624,875
2010	6,730,000	3,402,663	10,132,663
2011	6,700,000	3,160,100	9,860,100
2012	6,015,000	2,923,050	8,938,050
2013-2017	29,470,000	10,731,281	40,201,281
2018-2022	21,980,000	5,008,875	26,988,875
2023-2027	11,165,000	1,113,125	12,278,125
	<u>\$ 95,665,000</u>	<u>\$ 33,941,732</u>	<u>\$ 129,606,732</u>

Notes payable in the amount of \$403,750 were issued in 2006 for the purchase of land. The balance remaining at June 30, 2007 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, 2007:

<b>Description</b>	<b>Bonds Authorized and Unissued</b>
Land/Open Space	\$ 3,395,000
Environmental Remediation	500,000
Community Center	320,000
High School	1,993,083
New Elementary School	5,196,117
Public Safety Communications Center	245,000
Water Waste Treatment Plant Upgrade	28,600,000
Riverfront Park	390,000
Smith Middle School	832,544
Total	<u>\$ 41,471,744</u>

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

<b>Category</b>	<b>Debt Limit</b>	<b>Indebtedness</b>	<b>Balance</b>
General Purpose	\$ 234,585,097	\$ 30,071,127	\$ 204,513,970
Schools	469,170,194	78,197,487	390,972,707
Sewers	390,975,161	28,600,000	362,375,161
Urban Renewal	338,845,140	-	338,845,140
Pension Deficit	312,780,129	-	312,780,129

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$730 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 receivable amounting to \$1,868,130 for completed projects.

**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 five years of service. All Plan members are 100% vested after ten years of service. Plan members who retire at normal retirement age receive a retirement benefit. The benefit formula for most divisions is 1.75% of final earnings up to \$15,000 plus 2.25% of final earnings in excess of \$15,000 multiplied by credited service.

Plan membership consisted of the following at January 1, 2007, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries currently receiving benefits	218
Terminated employees entitled to benefits, but not yet receiving them	72
Current plan members	448
Inactive members	5
Disabled members	<u>1</u>
Total	<u><u>744</u></u>

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**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, 2007 were as follows:

Annual required contribution	\$ 1,716,948
Interest on net pension obligation	(13,942)
Adjustment to annual required contribution	<u>15,160</u>
Annual pension cost	1,718,166
Contributions made	<u>1,716,948</u>
Increase in net pension obligation	1,218
Net pension asset at beginning of year	<u>(159,332)</u>
 Net Pension Asset at End of Year	 \$ <u><u>(158,114)</u></u>

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/05	\$ 1,229,040	\$ 1,389,600	113.06%	\$ (160,560)
6/30/06	1,360,553	1,359,325	99.91	(159,332)
6/30/07	1,718,166	1,716,948	99.93	(158,114)

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Concentrations**

Investments which represent greater than 5% of net assets at June 30, 2007 are as follows:

Dryden S&P 500	\$ 26,036,624
Private Placement Fund	12,728,988
Core Bond BSAM	12,227,775
International Blend	7,372,752
Prudential Real Estate	4,621,979
Guaranteed Deposit Account	4,491,678

**Schedule of Employer Contributions**

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 1,716,948	100.0%
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%

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/07	\$ 83,347,263	\$ 88,238,760	\$ 4,891,497	94.46%	\$ 21,518,447	22.73%
1/1/06	77,887,369	82,341,845	4,454,476	94.59%	20,548,262	21.68%
1/1/05	73,436,605	74,806,313	1,369,708	98.17%	20,846,798	6.57%
1/1/04	69,090,643	70,193,494	1,102,851	98.43%	19,574,926	5.63%
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)%

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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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, 2007
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar Open
Remaining amortization period	30 Years Constant
Asset valuation method	Five Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.75%
Projected salary increases (includes inflation)	4.50%

**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 \$4,616,951 for the year ended June 30, 2007.

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**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 159 members. Premiums were paid by the Town and Board of Education in the amount of \$356,546 and \$316,224, respectively, for the LAP pool program and \$43,800 and \$16,200, respectively, for excess liability coverage during the fiscal year ended June 30, 2007. The insurance policy provisions cover general business liabilities and umbrella liability, as well as various other coverages. The deductibles vary depending on the type of coverage. There were no significant reductions from the previous year in insurance coverages during the fiscal year ended June 30, 2007. All policy deductibles and uninsured losses are funded by insurance accounts included under Administrative Services in the General Fund. At June 30, 2007, the Town designated \$275,000 of fund balance in the General Fund for insurance losses beyond budgeted funding. The Town had no settlements which exceeded insurance coverage for the fiscal years ended June 30, 2003 through 2007.

Additionally, the Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage 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 2006-2007 was \$781,481, inclusive of the Board of Education. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$750,000 per occurrence. Claims over \$750,000 are reinsured.

**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		73,165
Special Revenue Funds:		
Specific purposes		498,142
Capital Projects Funds		
Individual projects unexpended fund balance of appropriations		1,419,053

**TOWN OF GLASTONBURY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**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 \$160,517 for the year ended June 30, 2007. Presently, 71 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 upon implementation.

**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.

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

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

### BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Glastonbury  
Glastonbury, Connecticut 06033

We have represented the Town of Glastonbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$4,400,000 Bond Anticipation Notes, dated as of May 15, 2008.

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

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

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

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant

to Section 103 of the Code; (2) the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Notes are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

Very truly yours,

Day Pitney LLP

#### **FEDERAL INCOME TAX.**

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

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

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

The Code provides, however, that for most corporations 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 Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes will be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

***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 Notes will not have an adverse effect on the tax-exempt status or market price of the Notes.

## **ADDITIONAL FEDERAL INCOME TAX MATTERS.**

The following is a brief discussion of certain Federal income tax matters with respect to the Notes under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those 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 Notes.

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

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

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

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

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

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

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

The opinion of Bond Counsel is based on existing law as of the date of the opinion and the opinion does not cover future changes in law. Connecticut tax law could be affected by a decision of the United States Supreme Court in the case of *Kentucky Department of Revenue Services v. Davis*. On May 21, 2007 the Court agreed to hear this case. The Kentucky Court of Appeals ruled that taxing interest income on out-of-state bonds while exempting interest on bonds issued by the Commonwealth of Kentucky and its political subdivisions violates the Commerce Clause of the United States Constitution. Like Kentucky and a number of other states, the State of Connecticut taxes interest on bonds of out-of state issuers but exempts the interest on bonds issued by the State of Connecticut and its political subdivisions. In the event that the United States Supreme Court upholds the Kentucky decision and rules that it is unconstitutional to exempt the interest on in-state bonds while taxing the interest on out-of-state bonds, the State of Connecticut and other states may modify their tax laws as to the treatment of interest on in-state and out-of-

state bonds. No assurances can be given as to the outcome of the *Davis* case or as to the nature of any legislative response by the State of Connecticut or any other state if the decision in *Davis* is upheld. Owners of the Notes should consult their tax advisors with respect to the potential impact on ownership, disposition and market value of the Notes as a result of the *Davis* case at the Supreme Court.

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 Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

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

*In accordance with the requirements of Rule 15c212 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, timely notice of the occurrence of certain material events with respect to the Notes*

### Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of May 15, 2008 by the Town of Glastonbury, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,400,000 Bond Anticipation Notes, dated as of May 15, 2008 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

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

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

"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

<http://www.bloomberg.com/markets/rates/municontacts.html>

Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107

<http://www.MuniFILINGS.com>

Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

Interactive Data Pricing and Reference Data, Inc.

Attn: NRMSIR

100 William Street, 15th Floor  
New York, NY 10038

Phone: (212) 771-6999; (800) 689-8466

Fax: (212) 771-7390

<http://www.interactivedata-prd.com>

Email: [NRMSIR@interactivedata.com](mailto:NRMSIR@interactivedata.com)

Standard & Poor's Securities Evaluations, Inc.

55 Water Street - 45th Floor  
New York, NY 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

<http://www.disclosuredirectory.standardandpoors.com/>

Email: [nrmsir\\_repository@sandp.com](mailto: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. 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 Notes, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Notes;
- (g) modifications to rights of holders of the Notes;
- (h) Note calls;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes; and
- (k) rating changes.

**Section 3. Use of Agents.**

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

**Section 4. Termination.**

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

**Section 5. Enforcement.**

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

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

**Section 6. Miscellaneous.**

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

(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 Notes, 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.

(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**



**First Southwest Company**  
Investment Bankers Since 1946