

## OFFICIAL STATEMENT

### NEW ISSUE/REFUNDING

Rating: See "Rating" herein

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series A Bonds (the "Series A Bonds") is excluded from gross income for federal income tax purposes and such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Series B Bonds (the "Series B Bonds,") is included in gross income for federal income tax purposes. In the opinion of Bond Counsel, under existing statutes, interest on the Series A Bonds and the Series B Bonds (collectively, the "Bonds") is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrued or receipt of interest on, the Bonds. (See "Tax Matters" herein.)*

## TOWN OF GRANBY CONNECTICUT

**\$3,400,000 General Obligation Bonds, Issue of 2021, Series A**

**BANK QUALIFIED**

**\$5,255,000 General Obligation Refunding Bonds (Federally Taxable),  
Issue of 2021, Series B  
(Collectively the "Bonds")**

**BOOK-ENTRY-ONLY**

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

Interest on the Series A Bonds will first be payable on September 1, 2021 and semiannually thereafter on March 1 and September 1 in each year until maturity. Interest on the Series B Bonds will first be payable on August 1, 2021 and semiannually thereafter on February 1 and August 1 in each year until maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, and interest on, the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein).

**The Series A Bonds ARE subject to redemption prior to maturity. The Series B Bonds ARE NOT subject to redemption prior to maturity. See "Redemption Provisions" herein.**

The Bonds will be certified by US Bank National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, CT 06103 which will also act as Registrar, Escrow Agent, Paying Agent, and Transfer Agent for the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford and Bridgeport, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York, or its agents, on or about March 3, 2021.

## Piper Sandler & Co.

***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.***

Dated: February 23, 2021

## \$3,400,000 General Obligation Bonds, Issue of 2021, Series A

**Dated: Date of Delivery**

**Due: March 1 as shown below**

### MATURITY SCHEDULE SERIES A

<u>Due</u>	<u>Amount</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Due</u>	<u>Amount</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>
2022	\$170,000	4.00	0.27	385118 JX3	2029	\$170,000	4.00	1.00	385118 KE3
2023	170,000	4.00	0.32	385118 JY1	2030	170,000	4.00	1.15	385118 KF0
2024	170,000	4.00	0.40	385118 JZ8	2031	170,000	3.00	1.30	385118 KG8
2025	170,000	4.00	0.49	385118 KA1	2032	170,000	2.00	1.40**	385118 KH6
2026	170,000	4.00	0.63	385118 KB9	2033	170,000	2.00	1.48**	385118 KJ2
2027	170,000	4.00	0.75	385118 KC7	2034	170,000	2.00	1.58**	385118 KK9
2028	170,000	4.00	0.85	385118 KD5	2038*	680,000	3.00	1.71**	385118 KM5
					2041*	510,000	3.00	1.83**	385118 KN3

\* *Term bonds*

\*\* *Priced assuming redemption on March 1, 2031. However any such redemption is at the election of the Town (See "Redemption Provisions herein).*

## \$5,255,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2021, Series B

**Dated: Date of Delivery**

**Due: February 1 as shown below**

### MATURITY SCHEDULE SERIES B

<u>Due</u>	<u>Amount</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Due</u>	<u>Amount</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>
2022	\$ 75,000	0.35	0.35	385118 KP8	2028	\$525,000	1.45	1.45	385118 KV5
2023	70,000	0.45	0.45	385118 KQ6	2029	490,000	1.70	1.70	385118 KW3
2024	570,000	0.60	0.60	385118 KR4	2030	480,000	1.80	1.80	385118 KX1
2025	560,000	0.90	0.90	385118 KS2	2031	475,000	1.90	1.90	385118 KY9
2026	545,000	1.10	1.10	385118 KT0	2032	470,000	2.00	2.00	385118 KZ6
2027	535,000	1.30	1.30	385118 KU7	2033	460,000	2.10	2.10	385118 LA0



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

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

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

## BOND ISSUE SUMMARY

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*The information in this Bond Issue Summary, the front cover page, and the inside 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>Issuer:</b>	Town of Granby, Connecticut (the “Town”)
<b>Issue:</b>	\$3,400,000 General Obligation Bonds, Issue of 2021, Series A (the “Series A Bonds”); \$5,255,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2021, Series B (the “Series B Bonds”), collectively (the “Bonds”)
<b>Federal Tax ID:</b>	06-6002005
<b>Dated Date:</b>	March 3, 2021
<b>Interest Due:</b>	Series A Bonds: September 1, 2021 and each March 1 and September 1 thereafter. Series B Bonds: August 1, 2021 and each February 1 and August 1 thereafter.
<b>Principal Due:</b>	Series A: March 1, 2022 – 2041; Series B: February 1, 2022 - 2033
<b>Purpose and Authority:</b>	See “Authorization”, “Plan of Refunding”, and “Authorization and Purpose” herein.
<b>Redemption:</b>	The Series A Bonds <u>ARE</u> subject to redemption prior to maturity. The Series B Bonds <u>ARE NOT</u> subject to redemption prior to maturity. See “Redemption Provisions” herein.
<b>Security:</b>	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	S&P Global Ratings rates the Bonds and the Town’s currently outstanding Bonds as “AA+” (See “Ratings” herein).
<b>Tax Exemption:</b>	Refer to “Tax Matters” section and Appendix B, “Forms of Opinions of Bond Counsel” herein.
<b>Continuing Disclosure:</b>	Refer to Appendix C, “Forms of Continuing Disclosure Agreements for Bonds”.
<b>Bank Qualification:</b>	The Series A Bonds <u>shall</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series A Bonds. The Series B Bonds <u>shall not</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series B Bonds.
<b>Registrar, Transfer Agent, Certifying Agent, Escrow Agent and Paying Agent:</b>	US Bank National Association, CityPlace I, 185 Asylum Street., Hartford, CT 06103
<b>Legal Opinion:</b>	Pullman & Comley, LLC of Hartford and Bridgeport will act as Bond Counsel. Contact: Marie V. Phelan, Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103-3702
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about March 3, 2021. Delivery of the Bonds will be made against payment in Federal funds.
<b>Issuer Official:</b>	Questions concerning this Official Statement should be directed to: Mr. John D. Ward, Town Manager, 15 North Granby Road, Granby, CT 06035. Phone: (860) 844-5300. Fax: (860) 653-4769. Email: <a href="mailto:jward@granby-ct.gov">jward@granby-ct.gov</a> .
<b>Financial Advisor:</b>	DIXWORKS LLC, 4624 Bonsai Drive, Boynton Beach, FL 33436-5916. Contact: Dennis Dix, Jr., Principal. Phone: (860) 559-5112. Fax: (860) 955-4500. Email: <a href="mailto:dixworks@comcast.net">dixworks@comcast.net</a> . James Nytko, Managing Director, Local Government Solutions LLC, 66 Garrity Blvd., Brewster, NY 10509. Phone: (845) 464-3625. Fax: (845) 259-1804. Email: <a href="mailto:jnytko@govsol.org">jnytko@govsol.org</a> .

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## I. BOND INFORMATION

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### Introduction

This Official Statement, including the cover page, the inside cover page, and appendices, is provided for the purpose of presenting certain information relating to the Town of Granby, Connecticut, (the "Town") in connection with the issuance and sale of \$3,400,000 General Obligation Bonds, Issue of 2021, Series A (the "Series A Bonds") and \$5,255,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2021, Series B, (the "Series B Bonds" together with the Series A Bonds, the "Bonds").

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

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. The information in this Official Statement has been prepared by the Town's Financial Advisor, DIXWORKS LLC, Boynton Beach, Florida (the "Municipal Advisor"), from information supplied by Town officials and other sources as indicated. The Municipal Advisor does not assume responsibility for the sufficiency, accuracy, or completeness of the statements made herein and makes no representation that it has independently verified the same. DIXWORKS LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, or of underwriting, trading, or distributing municipal or other public securities. The Town and the Municipal Advisor have entered into a financial advisory agreement to conform to Municipal Securities Rulemaking Board (MSRB) Rule G-23.

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

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

### The COVID-19 Outbreak

The outbreak of COVID-19, a respiratory virus caused by a new strain or coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The administration of vaccines for the virus in the United States began in December of 2020.

There can be no assurances that the ongoing impact of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town. As the situation evolves, states, municipalities, businesses and individuals appear to have altered behaviors in manners that are having negative effects on global, national, state and local economies. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19.

## *State and Local Efforts to Mitigate the Ongoing Impact of COVID-19*

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) as a result of the COVID-19 outbreak. Immediately after the outbreak, the Governor restricted social and recreational gatherings and cancelled all public-school classes through the 2019/2020 school year. On January 26, 2021, Governor Lamont extended the state’s emergency response to the COVID-19 pandemic to April 20, 2021.

For the 2020/2021 school year, schools were permitted to reopen and were given the discretion to choose either full in-person learning, virtual learning or a hybrid model for reopening.

On April 30, 2020, Governor Lamont announced a multi-staged plan to reopen the State’s economy (the “Reopening Plan”). Although the Governor had allowed most businesses to reopen and gatherings to resume, with minimal restrictions, by October of 2020, a rise in COVID-19 positive cases and an increase in hospitalizations caused the Governor to reimplement certain gathering restrictions effective as of November 6, 2020. The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions.

On December 13, 2020, Governor Lamont announced Connecticut’s COVID-19 vaccination plan which contains several phases. Phase 1A commenced on December 14, 2020 at which time healthcare personnel, long-term care facility residents and medical first responders were eligible to be vaccinated. On January 18, 2021, Phase 1B began in which people 75-years and older were eligible to be vaccinated, with front line essential workers, individuals and staff in congregate settings, people between the ages of 65-74 and individuals between the ages of 16-64 with comorbidities being eligible to be vaccinated as part of Phase 1B.

On March 19, 2020, the Town declared a local state of emergency. Effective March 20, 2020, the Town’s government offices were closed to the public, except by appointment only for essential or emergency business including land recording, title searches, and necessary filings. The Town’s government offices re-opened on August 10, 2020 and closed except for appointments on December 1, 2020. They remain closed to all but appointments at this time.

The Granby Public Schools opened the 2020-2021 school year with a hybrid model for elementary students but fully remote model for middle and high school students. Since September 18, 2020, all students returned to a full in-person learning model.

The potential long-term impact of the COVID-19 pandemic on the Town cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town’s finances.

## *COVID-19 Outbreak – Municipal Tax Relief Programs*

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S (“Order 7S”), as amended by Executive Order No. 7W on April 9, 2020 (“Order 7W”), which created two short-term tax relief programs and required all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments and benefit assessments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable on overdue tax and assessment payments for all taxpayers in the municipality for three months.

All municipalities were directed to notify the Secretary of the Office of Policy and Management (“OPM”) no later than April 25, 2020 which program or programs it intended to elect. On April 20, 2020, the Town’s Board of Selectmen elected to participate in the Low Interest Rate Program only. The “Low Interest Rate Program” lowered the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges (collectively, the “Taxes and Charges”) that were due between April 1, 2020 and July 1, 2020 and were not paid on time and also those which were already delinquent before April 1, 2020.

For Fiscal Year 2020, the Town did not experience a negative impact as a result of the Low Interest Rate Program. As of June 30, 2020 the Town had collected 102% of Fiscal Year 2020 budgeted taxes, with 102% having been collected at the same time last year.

On December 16, 2020, the Governor issued Executive Order 9R (“Order 9R”), which applies the two tax relief programs to tax deadlines for Taxes and Charges that become due and payable on January 1, 2021. On December 21, 2020, the Town’s Board of Selectmen adopted the Low Interest Rate Program for Taxes and Charges due and payable on January 1, 2021 in accordance with Order 9R. The Low Interest Rate Program lowers the interest rate to 3% per annum (0.25% monthly) on Taxes and Charges that are due on January 1, 2021 from the time when



they became due and payable until the same is paid through and including March 31, 2021. The regular rate of interest is restored on the portion of Taxes and Charges that remain delinquent as of April 1, 2021.

For Fiscal Year 2021, the Town is not experiencing a negative impact as a result of the Low Interest Rate Program. As of December 31, 2020, the Town has collected approximately 67% of Fiscal Year 2021 budgeted taxes, with 67% due for collection by January 31, 2021.

#### *Federal and State Response to COVID-19's Impact on the Economy*

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19. The State received approximately \$1.4 billion in such funding, and it was given the discretion to provide those funds to local governments.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the "Program") which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID-19 related expenditures that were incurred between March 1, 2020 and December 30, 2020. For the period through June 30, 2020, municipalities were each allocated a maximum reimbursement amount under the Program which could have been used as the Town's 25% local match against the 75% FEMA Disaster Declaration reimbursement. Under the Program, the Town's maximum reimbursement allowance for COVID-19 related expenditures through June 30, 2020 was \$108,991. The Program was re-evaluated, and on December 16, 2020, the Town was directly allocated \$78,147 for the period from July 1, 2020 through December 30, 2020.

On December 27, 2020, President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which extends certain programs and benefits first authorized by the CARES Act. The relief package includes, amongst other items, over \$900 billion in stimulus for various COVID-19 relief programs, \$8.75 billion for vaccine distribution, \$54.3 billion of Elementary and Secondary School Emergency Relief Funds, \$4.1 billion for the Governors Emergency Education Relief Fund, and an allocation of \$284 billion of Paycheck Protection Program funds to support eligible small businesses and non-profits, and the legislation expands and modifies the program by allowing second draw loans for certain borrowers.

#### **Description of the Bonds**

The Series A Bonds will be dated March 3, 2021. Interest on the Series A Bonds will be payable first on September 1, 2021 and then on each March 1 and September 1 thereafter to the registered owner at the close of business on the fifteenth day of the calendar month, or the preceding business day if such fifteenth day is not a business day, preceding any interest payment date. Principal on the Series A Bonds will be payable on March 1, 2022 - 2041. The Series B Bonds will be dated March 3, 2021. Interest on the Series B Bonds will be payable first on August 1, 2021 and then on each February 1 and August 1 thereafter to the registered owner at the close of business on the fifteenth day of the calendar month, or the preceding business day if such fifteenth day is not a business day, preceding any interest payment date. Principal on the Series B Bonds will be payable on February 1, 2022 - 2033. The Bonds will be issued as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. A book-entry-only system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to the rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein. Interest shall be calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the underwriter. The Certifying Agent, Paying Agent, Escrow Agent, Registrar and Transfer Agent will be US Bank National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, CT 06103. The legal opinions on the Bonds will be rendered by Pullman & Comley, LLC of Hartford, Connecticut in substantially the forms set forth in Appendix B to this Official Statement.

#### **Redemption Provisions**

##### ***Optional Redemption***

The Series A Bonds ARE subject to optional redemption prior to maturity.

The Series A Bonds maturing on or before March 1, 2031 are not subject to redemption prior to maturity. The Series A Bonds maturing on March 1, 2032, and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after March 1, 2031, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a

percentage of the principal amount of the Series A Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2031 and thereafter .....	100%

### ***Mandatory Sinking Fund Redemption***

The Series A Bonds maturing on March 1, 2038 shall be subject to mandatory sinking fund redemption prior to maturity, in part, on March 1 in each of the years and in the respective principal amounts set forth below, at a redemption price of par, plus accrued interest, if any, to the date of redemption, from mandatory sinking fund installments which are required to be deposited with the Paying Agent in amounts sufficient to redeem on March 1 of each year the principal amount of the Series A Bonds specified for each of the years shown below:

<u>Series A Bonds due March 1, 2038</u>	
<u>Year</u>	<u>Amount</u>
2035	\$170,000
2036	\$170,000
2037	\$170,000
2038*	\$170,000

*\* Final Maturity*

The Series A Bonds maturing on March 1, 2041 shall be subject to mandatory sinking fund redemption prior to maturity, in part, on March 1 in each of the years and in the respective principal amounts set forth below, at a redemption price of par, plus accrued interest, if any, to the date of redemption, from mandatory sinking fund installments which are required to be deposited with the Paying Agent in amounts sufficient to redeem on March 1 of each year the principal amount of the Series A Bonds specified for each of the years shown below:

<u>Series A Bonds due March 1, 2041</u>	
<u>Year</u>	<u>Amount</u>
2039	\$170,000
2040	\$170,000
2041*	\$170,000

*\* Final Maturity*

### **Notice of Redemption**

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Series A Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Series A Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

The Town, so long as a book-entry system is used for the Series A Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Direct Participant, or of any DTC Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Series A Bonds called for redemption. Redemption of a portion of the Series A Bonds of any maturity by the Town will

reduce the outstanding principal amount of Series A Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Series A Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Series A Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Series A Bonds and will not be conducted by or the responsibility of the Town, the Registrar, or Paying Agent.

The Series B Bonds **ARE NOT** subject to optional redemption prior to maturity.

## **Tax Matters**

### **Tax Status of the Series A Bonds**

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Series A Bonds (the “Tax Exempt Bonds”) is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel’s opinion with respect to the Tax Exempt Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Tax Exempt Bonds in order that interest on the Tax Exempt Bonds be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Tax Exempt Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax Exempt Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Tax Exempt Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Series A Bonds proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Tax Exempt Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Tax Exempt Bonds.

**Original Issue Discount.** The initial public offering prices of certain maturities of the Series A Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such OID Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excluded from gross income for federal income tax purposes if interest on the OID Bonds is excluded from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Tax Exempt Bonds may be more than their stated principal amounts payable at maturity. In general, an owner who purchases a Series A Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Series A Bond for federal income tax purposes. Prospective purchasers of Tax Exempt Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and the effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Tax Exempt Bonds should be aware that ownership of the Tax Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Tax Exempt Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Tax Exempt Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Tax Exempt Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Tax Exempt Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Tax Exempt Bonds.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax Exempt Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Tax Exempt Bonds will not have an adverse effect on the tax status of interest on the Tax Exempt Bonds or the market value or marketability of the Tax Exempt Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax Exempt Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Tax Exempt Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Tax Exempt Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Tax Exempt Bonds may be adversely affected and the ability of holders to sell their Tax Exempt Bonds in the secondary market may be reduced. The Tax Exempt Bonds are not subject to special mandatory redemption, and the interest rates on the Tax Exempt Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Tax Exempt Bonds.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Tax Exempt Bonds. Prospective owners of the Tax Exempt Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Tax Exempt Bonds.

### **Tax Status of the Series B Bonds**

#### ***Federal Income Taxes***

In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds (the “Taxable Bonds”) is included in gross income for federal income tax purposes pursuant to the Code.

### ***United States Tax Consequences***

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Taxable Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Taxable Bonds, and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Taxable Bond at its issue price, which is the first price at which a substantial amount of the Taxable Bonds is sold to the public, and who hold Taxable Bonds as “capital assets” within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Taxable Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) comprising a bond and one or more other investments, or United States Holders (as defined below) that have a “functional currency” other than the United States dollar. This summary is applicable only to a person (a “United States Holder”) who or that is the beneficial owner of Taxable Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any State (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

### ***United States Holders***

*Payments of Stated Interest.* In general, for a United States Holder, interest on a Taxable Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner’s method of accounting for tax purposes.

*Taxable Bonds Purchased at Original Issue Premium.* The initial public offering price of certain maturities of the Taxable Bonds are greater than the principal amount payable on such Taxable Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Taxable Bonds are sold over the principal amount payable at maturity constitutes original issue premium. The offering prices relating to the yields set forth on the inside front cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of each maturity of the Taxable Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Taxable Bond may elect to treat such excess as “amortizable bond premium”, in which case the amount of interest required to be included in the taxpayer’s income each year with respect to interest on the Taxable Bond will be reduced by the amount of amortizable bond premium allocable (based on the Taxable Bond’s yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer’s adjusted basis in the Taxable Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

*Taxable Bonds Purchased at a Market Discount.* A Taxable Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the Taxable Bond is less than the Taxable Bond’s adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Taxable Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Taxable Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elected to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on

borrowings allocable to the Taxable Bond in an amount not exceeding the accrued market discount on such Taxable Bond until maturity or disposition of the Taxable Bond.

*Purchase, Sale, Exchange, and Retirement of Taxable Bonds.* A United States Holder's tax basis in a Taxable Bond generally will equal its cost, increased by any market discount included in the United States Holder's income with respect to the Taxable Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Taxable Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Taxable Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder's tax adjusted basis in the Taxable Bond. Except to the extent described above under Taxable Bonds Purchased at a Market Discount, gain or loss recognized on the sale, exchange or retirement of a Taxable Bond will be capital gain or loss and will be long-term capital gain or loss if the Taxable Bond was held for more than one year. The material modification of the terms of any Taxable Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

*Backup Withholding.* United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Taxable Bonds, if they fail to provide an accurate Form W-9, "Request for Taxpayer Identification Number and Certification," or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder's United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

*Medicare Tax Affecting United States Holders.* For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the United States Holder's "net investment income" for the taxable year and (2) the excess of the United States Holder's modified adjusted gross income for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of the Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.

### ***Information Reporting***

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Taxable Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Taxable Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 24%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Taxable Bonds.

Any payments of interest and original issue discount on the Taxable Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Taxable Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent,

broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Taxable Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

### ***State Taxes***

In the opinion of Bond Counsel, under existing statutes, interest on the Taxable Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

### ***General***

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Taxable Bond. Prospective owners of the Taxable Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Taxable Bonds.

### ***Security and Remedies***

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

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

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

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

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

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress

or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue Bonds or other obligations.

### **Qualification for Financial Institutions**

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

### **Availability of Continuing Disclosure**

The Town prepares, in accordance with State law, annual independently audited financial statements and files such annual report 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, various municipal credit rating agencies ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”), as amended, the Town will agree to provide, or cause to be provided, as to the Bonds (i) annual financial information and operating data, (ii) notice of the occurrence of certain material events within ten (10) business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements, as described in Appendix C. The Town will execute the Continuing Disclosure Agreements in substantially the forms set out in Appendix C to this Official Statement. The underwriter’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, executed copies of the Continuing Disclosure Agreements for Bonds.

The Town has entered into prior Continuing Disclosure Agreements for the benefit of holders of its debt obligations to provide annual financial information and material event notices pursuant to the Rule. In the past five years, the Town has not failed to meet any of its undertakings in any material respect under the Rule.

### **Book-Entry-Only Transfer System**

The information contained in the following paragraphs of this subsection “Book-Entry-Only Transfer System” has been provided by The Depository Trust Company, New York, New York (“DTC”). The Town (the “Issuer”) makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The



Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

Principal and interest payments with respect to the Bonds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from The Town or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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, Agent, or The Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of The Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Town or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security 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, security certificates will be printed and delivered.

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

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITER SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY

BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST ON THE BONDS; (3) ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT, OR BENEFICIAL OWNER; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BOND OR BOND HOLDER AND (5) THE SELECTION BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS

### **DTC Practices**

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

### **Replacement Bonds**

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry-only system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

### **Underwriting**

The Bonds are being purchased by Piper Sandler & Co. (the "Underwriter"). The Underwriter has agreed, pursuant to the terms of a bond purchase agreement with the Town (the "Bond Purchase Agreement") subject to certain conditions, to purchase the Series A Bonds from the Town at the net aggregate purchase price of \$3,808,088.40 (consisting of the principal amount of \$3,400,000.00, plus net original issue premium of \$423,388.40 and less Underwriter's discount of \$15,300.00); the Series B Bonds at the net aggregate purchase price of \$5,231,352.50 (consisting of the principal amount of \$5,255,000.00 less Underwriter's discount of \$23,647.50). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the initial public offering prices, and such public offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into a distribution agreement (the "CS&Co. Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings including the Bonds at the original issue prices. Pursuant to the CS&Co. Distribution Agreement, CS&Co. will purchase the Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

### **Authorization and Use of Proceeds**

#### Authorization

The Series A Bonds are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended (the Statutes"), the Town's charter, and resolutions adopted by the Town's Board of Selectmen, and approved by the voters at referendum held on June 4, 2019.

The Series B Bonds are being issued pursuant to Section 7-370c of the Statutes and a refunding resolution adopted by the Board of Selectmen on February 16, 2021 authorizing the issuance and sale of refunding bonds in an amount not to exceed \$5,600,000.

#### Use of Proceeds

### **Series A Bonds**

Proceeds of the Series A Bonds will be used to finance the following capital projects:

<u>Project</u>	<u>Bonds Authorized</u>	<u>Date Authorized</u>	<u>Notes Outstanding</u>	<u>Estimated State/ Federal Grants</u>	<u>This Issue</u>
----------------	-----------------------------	----------------------------	------------------------------	--	-----------------------

Bridges	\$13,716,000	6/4/2019	None	\$11,018,530	\$1,350,000
Schools	7,100,000	6/4/2019	None	3,190,858	2,050,000
	<u>\$20,816,000</u>			<u>\$14,209,388</u>	<u>\$3,400,000</u>

### Series B Bonds

The Series B Bonds are being issued to refund at maturity all or any portion of the aggregate principal amount outstanding of the Town's general obligation bonds set forth below (the "Refunded Bonds"). The Refunded Bonds may be changed by the Town in its sole discretion due to market factors or other factors considered relevant by the Town at the time of pricing of the Series B Bonds, and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded. The refunding is contingent upon delivery of the Series B Bonds.

### Refunded Bonds

#### Issue of 2013

Issue	Dated Date	Maturity Date	Principal Amount Refunded	Interest Rate (%)	Redemption Date	Redemption Price	CUSIP
2013	2/13/13	2/1/24	\$ 500,000	3.25	2/1/23	100%	385118JR6
2013	2/13/13	2/1/25	500,000	3.25	2/1/23	100%	385118JS4
2013	2/13/13	2/1/26	500,000	3.25	2/1/23	100%	385118JT2
2013	2/13/13	2/1/27	500,000	3.25	2/1/23	100%	385118JU9
2013	2/13/13	2/1/28	500,000	3.25	2/1/23	100%	385118JV7
2013	2/13/13	2/1/33 **	<u>2,350,000</u>	3.25	2/1/23	100%	385118JW5
			\$4,850,000				

\*\* Term bonds sinking fund redemption

Upon delivery of the Series B Bonds, a portion of the proceeds of the Series B Bonds will be placed in an irrevocable escrow deposit fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") to be dated as of March 3, 2021 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the United States of America, including United States Treasury State and Local Government Series ("SLGS") securities, all of which shall not be callable or prepayable at the option of the issuer thereof (the "Escrow Securities"). The principal of and interest on the Escrow Securities, when due, will provide amounts sufficient to meet principal and interest payments, and redemption prices of the Refunded Bonds, if any, when due. All investment income on and maturing principal of the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal of, interest, and redemption premium on the Refunded Bonds will be applied by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Series B Bonds will be used to pay costs of issuance, including underwriter's discount. The Escrow Agreement requires that the Escrow Agent call for the redemption of the Refunded Bonds.

### Verification of Mathematical Computations

Causey Demgen & Moore P.C., CPAs will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Series B Bonds the computations that the anticipated receipts from the Escrow Securities and cash deposits, if any, set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, of the Refunded Bonds. Causey Demgen and Moore, Inc. CPAs, will express no opinion on the assumptions provided to them.

## Sources and Uses of Bond Proceeds

### Sources:

	<u>Series A</u>	<u>Series B</u>	<u>Totals</u>
Par Amount	\$3,400,000.00	\$5,255,000.00	\$8,655,000.00
Net Original Issue Premium	423,388.40	--	423,388.40
Total Sources	<u>3,823,388.40</u>	<u>5,255,000.00</u>	<u>9,078,388.40</u>

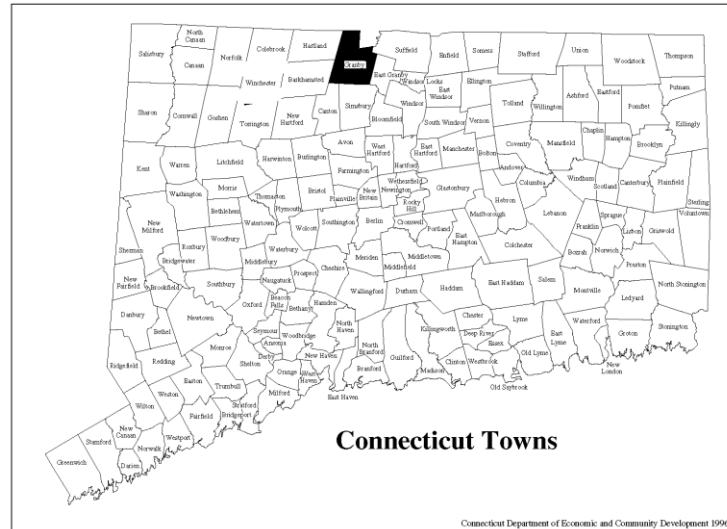
### Uses:

Construction Fund Deposits			
Construction Fund	3,766,497.03	--	3,766,497.03
Refunding Escrow Deposits			
Cash Deposit	--	0.95	0.95
SLGs Purchases	--	5,156,628.00	5,156,628.00
		<u>5,156,628.95</u>	<u>5,156,628.95</u>
Delivery Date Expenses			
Costs of Issuance	41,591.37	71,230.63	112,822.00
Underwriter's Discount	15,300.00	23,647.50	38,947.50
	<u>56,891.37</u>	<u>94,878.13</u>	<u>151,769.50</u>
Other Uses of Funds			
Additional Proceeds	--	3,492.92	3,492.92
Total Uses	<u>\$3,823,388.40</u>	<u>\$5,255,000.00</u>	<u>\$9,078,388.40</u>

### Rating

S&P Global Ratings rates the Bonds and the Town's currently outstanding bond issues as "AA+". The Town furnished to the rating agency certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the view of the rating agency and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 225 Franklin Street, 15th Floor, Boston, MA 02110. Generally, a rating agency bases its rating upon such information and materials and upon investigations, studies, and assumptions by the rating agency. There can be no assurance that a rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of outstanding securities, including the Bonds.

## II. THE ISSUER



### Description of the Municipality

The Town of Granby was incorporated in 1786 from the town of Simsbury and covers 40.8 square miles on Connecticut's north-central border with Massachusetts. Primarily a rural residential community, the Town is home to many white-collar and professional workers in the greater Hartford area's financial and insurance corporate headquarters and industries. Located 13.6 miles north of Hartford, Granby is bordered on the east by the towns of Suffield and East Granby, on the south by the towns of Simsbury and Canton, and to the west by the towns of Barkhamsted and Hartland. State Routes 10, 20, 189, 202, and 219 service the Town, and six-lane Interstate 91 lies 8.6 miles to the east providing north-south commercial and passenger roadway access between New Haven and the Canadian border. Bradley International Airport in Windsor Locks is situated 6 miles to the east on Route 20. While primarily residential in character with over 4,475 dwelling units, Granby also has more than 150 commercial and industrial buildings and over 500 acres zoned for commercial and industrial use.

According to the US Department of Commerce, Bureau of Census American Community Survey 2015 – 2019, the Town's per capita income of \$55,211 compares favorably at 124% of the State 2019 per capita income figure of \$44,496. Over the same period, residential sales data for Granby showed a median sale price of \$310,600 comparing favorably with a State median of \$275,400. Granby is the fifth fastest growing town in Connecticut with 214 single family home sales in 2020.

### Principal Municipal Officials

Office	Name	Manner of Selection	Term
First Selectman	B. Scott Kuhnly	Elected	2 years
Selectman	Glenn G. Ballard	Elected	2 years
Selectman	Sally S. King	Elected	2 years
Selectman	Mark. C. Neumann	Elected	2 years
Selectman	Edward E. Ohannessian	Elected	2 years
Town Manager	John D. Ward	Appointed	Indefinite
Town Clerk	Karen I. Hazen	Appointed	Indefinite
Tax Collector	Lauren C. Stuck	Appointed	Indefinite
Assessor	Susan J. Altieri	Appointed	Indefinite
Treasurer	John E. Adams	Appointed	2 years
Administration Finance Officer	Kimi Cheng	Appointed	Indefinite
Board of Finance - Chair	Michael B. Guarco, Jr.	Elected	4 years
Board of Education - Chair	Sarah E. Thrall	Elected	4 years
Superintendent of Schools	Jordan E. Grossman, Ed. D.	Appointed	3 years
Town Attorney	Richard P. Roberts	Appointed	2 years

Source: Town Manager's Office, Town of Granby

## **Form of Government**

Granby is governed by a Town Charter last revised in November 2012 and operates under a Selectmen/Town Manager form of government established in 1960. A five-member Board of Selectmen acts as the Town's legislative body, except as otherwise provided by the Town Charter, and an appointed Town Manager serves as the Town's Chief Executive Officer. Selectmen are elected biennially for two year terms. An elected Board of Finance is responsible for annual budget making, setting the mill rate, and recommending it for voter approval. A part-time Treasurer, the Town Manager, and the Finance Officer oversee the Town's finances.

## **Municipal Services**

### Police

The Granby Police Department is accredited by the [Commission on Accreditation for Law Enforcement Agencies \(CALEA\)](#). It is staffed by 16 sworn police officers, 7 public safety dispatchers, a records clerk, an administrative assistant, and an animal control officer. The Police Department was established in 1959 and is responsible for preserving public peace, preventing crime, and apprehension of criminal violators. The Department serves to regulate traffic, investigate motor vehicle collisions, and enforce the State of Connecticut laws and the municipal ordinances of the Town of Granby. The Granby Police Department acts as the first responder to requests for emergency medical assistance within the Town of Granby. The Department operates a multi-town Public Safety Answering Point providing professional police, fire, and emergency medical service (EMS) dispatch services for the towns of Granby (police, fire, and EMS), East Granby (fire and EMS), and Hartland (EMS). The police department works regionally with 8 other towns to provide advanced accident reconstruction and emergency services capability.

### Fire

The Lost Acres Fire Department, Inc. (LAFD) provides fire protection for the Town. The LAFD is a non-profit volunteer organization funded by the Town to control fire hazards and emergencies in the community. Approximately fifty trained members service three fire stations in the north, west, and central parts of Town. The LAFD maintains fire suppression equipment at each of the three fire stations and also maintains and operates a fully equipped fire rescue vehicle. All officers and volunteers satisfy training requirements set by National Fire Safety Standards.

### Granby Ambulance Association

The Granby Ambulance Association's (GAA) mission is to provide emergency medical service and ambulance transportation for the residents and citizens in the towns of Granby and East Hartland as well as mutual aid to the surrounding areas. GAA is primarily a volunteer ambulance service. The Association provides both Basic and Advanced Life Support (ALS) services for the community. Also it offers public health and safety courses and whatever services or functions the Association board may deem appropriate to serve the needs of the general public. The Town contributes \$15,000 annually to GAA for its services, but the contribution may increase in the future.

### Public Works

The Public Works Department maintains all Town-owned roads as well as reconstructs and resurfaces Town thoroughfares as necessary. The sixteen full-time Public Works employees include a Director, a Deputy Director, and an Administrative Assistant/Recycling Coordinator. The Department maintains, repairs, and improves bridges, sewer, and vehicles/equipment, cleans and maintains road culverts and drainage areas, and provides maintenance staff for the Town's multiple parks and buildings.

### Solid Waste and Recycling

Granby contracts with a private collection company for solid waste and recycling pickup. As described below, the Materials Innovation and Recycling Authority accepts and processes Town waste. The Town also operates a transfer station under permit from the State Department of Environmental Protection. Residential recyclable materials are also collected at the transfer station.

### Service Contract - Solid Waste Disposal

The Town signed a new agreement with the Materials Innovation and Recycling Authority (MIRA), effective January 6, 2012. This agreement is effective for a term of fifteen years (through 6/30/27). Presently the cost for disposal is \$91.00 per ton with no cost for the disposal of recycling materials. There is no minimum amount of tonnage that must be delivered. Also included is a provision for the town to "Opt-Out" of the agreement if fees exceed a certain amount within five years.

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 participating municipalities.

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 or which the Authority refuses or is unable to accept under the Service Contract.

#### Sewers

The Granby sewer system consists of approximately 5.1 miles of sewer mains. The sewer line services much of the Town's central business district and six hundred and seventy-seven dwelling and one hundred commercial units. A sewer interceptor system, completed in 1983, delivers wastewater under a service agreement to the Town of Simsbury for treatment.

#### Recreation

The Granby Parks and Recreation Department provides recreational and leisure services in Town. The Salmon Brook Park recreational facility consists of numerous ball fields, tennis courts, basketball courts, picnic pavilions, playgrounds, a band shell, hiking trails, a swim area, and a bathhouse. The Ahrens Park consists of several ball fields, a community garden area, and a picnic pavilion. Many Parks and Recreation sponsored activities are conducted to promote physical health and wellness. Residents also enjoy Town-provided special events, summer camps, fitness and wellness programs. A full-time Recreation Director and staff provide over two hundred programs and activities at the parks and at other approved locations.

#### Senior Services

Granby Senior Services provides assistance to mature adults in transportation, programming, benefits counseling, and information referral. Six staff members include a full-time Director of Human Services, an Administrative Assistant, a Program Coordinator, a part-time Meal Preparer, and two service van drivers. Granby Senior Center provides educational, recreational, health, and social programs and offers a Congregate Meal Program. Senior van service provides transportation for grocery shopping, health clinics, educational and social programs, as well as recreational excursions.

#### Library

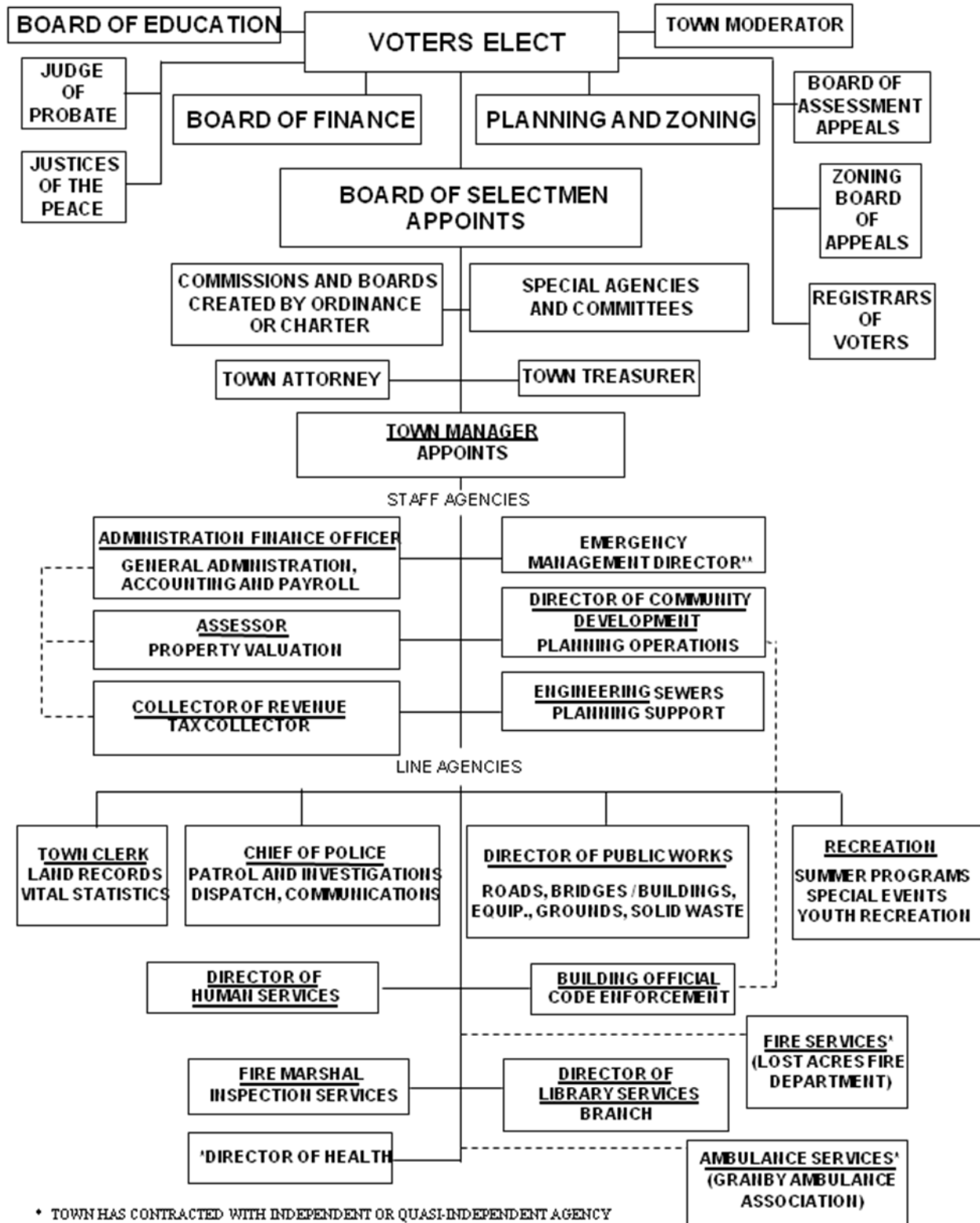
Granby's free public library serves residents through two branches: Granby Public Library (Main Branch), located in the Town Hall Complex adjacent to the Town Hall, and the F. H. Cossitt Branch Library, located in North Granby. Between the two branches, there is a robust collection of about 65,000 books, audiobooks, magazines, newspapers, DVDs, CDs, and other physical items, as well as free access to over 35,000 digital resources for adults, teens, and children. In addition to lending patrons materials, the Library offers residents free access to information through library programs (7982 attendees), online databases (43), access to computers and the Internet (16 public computers) and Wi-Fi, cultural displays, and an accessible place to gather with other members of the community to exchange ideas.

#### Community Development

The Office of Community Development works to further the quality and diversification of development within the Town in an effort to meet the needs of a growing population, to broaden the Town's tax base, and to maintain the overall quality of life. The Community Development Office promotes economic/commercial development in recognition of the community benefits of jobs, tax base expansion, shopping convenience, and other services. A long range point of view is maintained in the analysis of all proposals. Through controlled development, the Town intends to strike a measured balance between commercial and residential interests.

## Organization Chart

### TOWN GOVERNMENT GRANBY, CONNECTICUT



- \* TOWN HAS CONTRACTED WITH INDEPENDENT OR QUASI-INDEPENDENT AGENCY
- \*\* THE EMERGENCY MANAGEMENT DIRECTOR HAS A COOPERATIVE RELATIONS WITH ALL TOWN DEPARTMENTS, AND EXTERNAL AND SUPPORT AGENCIES. ADDITIONAL SUPPORT STAFF PROVIDED AS NEEDED.



### Employee Relations and Collective Bargaining

The Town employs full-time and permanent part-time persons for General Government and Board of Education as shown below by fiscal year:

#### Full-Time Equivalent Municipal Employees

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government .....	76.69	78.62	77.57	77.49	76.44
Board of Education .....	295.50	294.40	290.40	295.20	304.20
Total	372.19	373.02	367.97	372.69	380.64

Source: Town Manager's Office, Town of Granby  
Superintendent's Office, Town of Granby Public Schools

The following table shows the breakdown of General Government employees by department for fiscal year 2020:

<u>Department</u>	<u>Full-Time Equivalent</u>	<u>Part-Time Equivalent</u>
General Government .....	17	3.42
Police .....	21	1.19
Public Works .....	16	2.67
Park and Recreation .....	3	3.70
Library .....	4	4.71
Total .....	61	15.69

Source: Town Manager's Office, Town of Granby

#### Employee Bargaining Units

<u>General Government</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
The International Brotherhood of Police Officers Local 581 .....	14.00	6/30/20 <sup>1</sup>
Granby Municipal Employees Local 399, Council 4 .....	19.00	6/30/20 <sup>1</sup>
Public Works - United Public Service Employees Union (UPSEU) Local 424, Unit 49 .....	13.00	6/30/20 <sup>1</sup>
Dispatchers - United Public Service Employees Union (UPSEU) Local 424, Unit 56 .....	4.00	6/30/20 <sup>1</sup>
Organized .....	50.00	6/30/20 <sup>1</sup>
Non-Union .....	26.69	
Sub-Total .....	76.69	
<u>Board of Education</u>		
Secretarial Employees Union Independent .....	17.00	6/30/22
Granby Education Association .....	174.80	6/30/24
Granby Administrators Association .....	8.00	6/30/22
United Public Service Employees Union (Formerly MEUI) .....	20.00	6/30/22
Organized .....	219.80	
Non-Union .....	75.70	
Sub-Total .....	295.50	
Total .....	372.19	

<sup>1</sup> In negotiation

Source: Town Manager's Office, Town of Granby  
Superintendent's Office, Town of Granby Public Schools

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and

the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, 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 the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

### **Educational System**

The Town of Granby Public School System provides comprehensive educational programs to students kindergarten through the twelfth grade and also provides a range of adult education courses to numerous other segments of the community. The grade structure for the public school system is PreK-2, 3-5, 6-8, and 9-12. A complete program of basic skills is offered to all students. Special learning experiences are made available to the academic and artistically talented both at the elementary and secondary level. There is a wide variety of additional activities including scholastic sports for males and females. The Board of Education is comprised of seven members elected to overlapping four year terms. The Board's responsibility is to develop the policy that gives broad direction to the school system's professional staff.

### **School Facilities**

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions)</u>	<u>Type of Construction</u>	<u>Number of Classrooms</u>	<u>10/1/2020 Enrollment</u>	<u>Current Capacity</u>
Kelly Lane	PK-2	1962 (98) (04)	Brick/cinderblock	28	369	480
Wells Road	3 - 5	1955 (04)	Brick/cinderblock	26	346	480
Granby Middle	6 - 8	1992	Brick/cinderblock	36	436	480
Granby High	9 - 12	1962 (70, 99)	Brick/cinderblock	53	572	900
Totals				143	1,723	2,340

Source: Superintendent's Office, Town of Granby Public Schools

### **School Enrollment**

<u>School Year</u>	<u>Elementary K - 5</u>	<u>Middle School 7-8</u>	<u>High School 9-12</u>	<u>Total</u>
		<b>Historical</b>		
2011-12	1,048	356	754	2,158
2012-13	996	330	761	2,087
2013-14	963	332	727	2,022
2014-15	916	331	688	1,935
2015-16	904	309	704	1,917
2016-17	778	435	661	1,874
2017-18	786	419	657	1,862
2018-19	804	404	655	1,863
2019-20	783	416	586	1,785
2020-21	715	436	572	1,723
		<b>Projected</b>		
2021-22	767	431	581	1,779
2022-23	806	402	582	1,790
2023-24	833	380	632	1,845
2024-25	837	376	628	1,841
2025-26	839	400	598	1,837

Source: Superintendent's Office, Town of Granby Public Schools

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### Population and Density

Year	Actual Population <sup>1</sup>	% Increase	Density <sup>2</sup>
1970	6,150	23.8	151
1980	7,956	29.4	195
1990	9,369	17.8	230
2000	10,347	10.4	254
2010	11,282	9.0	277
2019	11,361	0.7	278

<sup>1</sup> 1970-2010 - U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

<sup>2</sup> Per square mile: 40.8 square miles.

#### Age Distribution of the Population

Age	Town of Granby		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 .....	634	5.6	183,808	5.1
5 - 19 .....	2,288	20.1	663,574	18.6
20 - 34 .....	1,368	12.0	686,339	19.2
35 - 44 .....	1,130	9.9	424,739	11.9
45 - 54 .....	2,009	17.7	508,428	14.2
55 - 64 .....	1,893	16.7	507,133	14.2
65 and over .....	2,039	18.0	601,053	16.8
Total .....	11,361	100.0	3,575,074	100.0
Median Age (Years)	46.2		41.0	

Source: U.S. Department of Commerce, Bureau of Census, 2019 American Community Survey 2015-2019

#### Income Distribution

Income Range	Town of Granby		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000 .....	12	0.4	24,799	2.8
10,000 - 14,999 .....	11	0.3	16,037	1.8
15,000 - 24,999 .....	46	1.4	38,364	4.3
25,000 - 34,999 .....	29	0.9	48,110	5.4
35,000 - 49,999 .....	214	6.4	77,010	8.6
50,000 - 74,999 .....	331	9.9	123,980	13.9
75,000 - 99,999 .....	403	12.1	116,676	13.1
100,000 - 149,999 .....	821	24.6	186,246	20.8
150,000 - 199,999 .....	639	19.2	109,258	12.2
200,000 or more .....	828	24.8	152,958	17.1
Total .....	3,334	100.0	893,438	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

### Income Levels

	<b>Town of Granby</b>	<b>State of Connecticut</b>
Per Capita Income, 2019 .....	\$55,211	\$44,496
Per Capita Income, 2010 .....	\$46,687	\$36,775
Per Capita Income, 2000 .....	\$33,863	\$28,766
Median Family Income, 2019 .....	\$134,500	\$100,418
Median Family Income, 2010 .....	\$111,339	\$84,170
Median Family Income, 2000 .....	\$ 90,057	\$65,521
Percent Below Poverty, 2019 .....	3.0	10.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

### Educational Attainment Persons 25 Years and Older

<b>Grade Levels</b>	<b>Town of Granby</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade .....	66	0.8	99,837	4.0
9th to 12th grade .....	211	2.7	132,826	5.3
High school graduate .....	1,441	18.1	666,828	26.9
Some college, no degree .....	1,257	15.8	416,175	16.8
Associate's degree .....	732	9.2	191,964	7.7
Bachelor's degree .....	2,638	33.2	541,380	21.8
Graduate or professional degree .....	1,607	20.2	434,085	17.5
Total .....	7,952	100.0	2,483,095	100.0
Total high school graduate or higher (%) .....	96.5		90.6	
Total bachelor's degree or higher (%) .....	53.4		39.3	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

### Major Employers as of May 27, 2020

<b>Name</b>	<b>Business</b>	<b>Estimated Number of Employees</b>
Hscc	Advertising/Direct mail	500-999
Geisslers Supermarket	Grocers - Retail	100-249
Granby Memorial High School	School	100-249
Granby Memorial Middle School	School	50-99
Meadow Brook of Granby	Residential Care Homes	100-249
Monrovia Nursery Company	Nurseries-Plants Trees & Etc.- (whls)	100-249
Super Stop & Shop	Grocers - Retail	100-249
High Meadow Day Camp	Camps	50-99
Kelly Lane Primary School	School	50-99
Salmon Brook Veterinary Hospital	Animal Hospital/Veterinary Clinic	50-99
State Line Propane-State Line	Oil – Fuel (whls)	50-99
Wells Road School	School	50-99

Source: Connecticut Department of Labor, Labor Market Information

**Employment by Industry**  
Employed Persons 16 Years and Over

Sector	Town of Granby		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fisheries, mining .....	55	0.9	7,990	0.4
Construction .....	333	5.5	113,732	6.2
Manufacturing .....	868	14.4	180,833	9.9
Wholesale trade .....	65	1.1	42,782	2.3
Retail trade .....	564	9.3	191,226	10.5
Transportation, Warehousing, Utilities .....	199	3.3	80,333	4.4
Information .....	133	2.2	32,903	1.8
Finance, Insurance, Real Estate .....	980	16.2	158,570	8.7
Professional, Scientific, Management, Admin ...	737	12.2	206,887	11.3
Education, Health, Social Services .....	1,293	21.4	495,627	27.2
Arts, Entertainment, Recreation, Leisure Serv. .	375	6.2	166,307	9.1
Other Services .....	219	3.6	84,644	4.6
Public administration .....	223	3.7	62,081	3.4
Total Labor Force, Employed .....	6,044	100.0	1,823,915	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

**Employment Data**

Period	Town of Granby		Percentage Unemployed		
	Employed	Unemployed	Town of Granby	Hartford Labor Market <sup>1</sup>	State of Connecticut
October, 2020 <sup>1</sup> .....	6540	231	3.4	5.7	5.8
July, 2020 <sup>1</sup> .....	6454	439	6.4	10.1	10.3
April, 2020 <sup>1</sup> .....	6157	323	5.0	7.5	8.0
January, 2020 <sup>1</sup> .....	6772	221	3.2	4.4	4.4
<b>Annual Average</b>					
2019 .....	6,778	176	2.5	3.8	3.7
2018 .....	6,796	155	2.2	4.1	4.1
2017 .....	6,606	195	2.9	4.7	4.7
2016 .....	5,478	243	3.6	5.1	5.1
2015 .....	6,415	264	4.0	5.7	5.6
2014 .....	6,333	303	4.6	6.6	6.6
2013 .....	5,889	360	5.8	7.8	7.8
2012 .....	5,904	392	6.2	8.4	8.4
2011 .....	6,012	422	6.6	8.8	8.8
2010 .....	5,968	436	6.8	9.2	9.1

<sup>1</sup> Not seasonally adjusted

Source: Department of Labor, State of Connecticut.

### Age Distribution of Housing

Year Built	Town of Granby		State of Connecticut	
	Units	Percent	Units	Percent
Built 2014 or later	33	0.8	16,920	1.1
Built 2010 to 2013	48	1.1	21,126	1.4
Built 2000 to 2009	483	11.0	103,075	6.8
Built 1990 to 1999	726	16.5	116,028	7.7
Built 1980 to 1989	531	12.1	188,655	12.4
Built 1970 to 1979	839	19.1	203,700	13.4
Built 1960 to 1969	467	10.6	204,879	13.5
Built 1950 to 1959	578	13.1	224,393	14.8
Built 1940 to 1949	278	6.3	103,008	6.8
Built 1939 or earlier	415	9.4	334,845	22.1
Total housing units, 2019 .....	4,398	100.0	1,516,629	100.0
Percent Owner Occupied, 2019 .....	85.1		59.7	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

### Housing Inventory

Type	Town of Granby		State of Connecticut	
	Units	Percent	Units	Percent
1-unit detached .....	3,984	90.5	893,531	58.9
1-unit attached .....	199	4.5	81,832	5.4
2 units .....	51	1.2	124,082	8.2
3 or 4 units .....	32	0.7	130,863	8.6
5 to 9 units .....	96	2.2	82,695	5.5
10 to 19 units.....	25	0.6	57,281	3.8
20 or more units .....	11	0.3	134,093	8.8
Mobile home, trailer, other .....	0	0.0	12,252	0.8
Total Inventory .....	4,398	100.0	1,516,629	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2015-2019

### Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Granby		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000 .....	45	1.2	17,522	1.9
\$ 50,000 to \$ 99,999 .....	30	0.8	28,440	3.1
\$100,000 to \$149,999 .....	65	1.7	78,467	8.7
\$150,000 to \$199,999 .....	301	8.0	137,944	15.2
\$200,000 to \$299,999 .....	1,321	35.3	248,431	27.5
\$300,000 to \$499,999 .....	1,405	37.6	244,855	27.0
\$500,000 to \$999,999 .....	564	15.1	107,504	11.9
\$1,000,000 or more.....	13	0.3	42,518	4.7
Total.....	3,744	100.0	905,681	100.0
Median Sales Price.....	\$310,600		\$275,400	

Source: U.S. Department of Commerce Bureau of Census, American Community Survey 2015-2019

### Building Permits

The following schedule of building permits issued over the last several years indicates the development experienced in the Town for the period:

Fiscal Year Ending 6/30	Housing		All Other Permits		Totals	
	No.	Value	No.	Value	No.	Value
2020	12	2,192,459	1,491	19,719,605	1,503	21,912,064
2019	19	2,531,000	2,430	40,823,706	2,449	43,354,706
2018	18	2,685,000	1,140	11,153,381	1,158	13,838,381
2017	12	2,274,000	888	8,665,503	900	10,939,503
2016	8	1,411,000	946	10,747,678	954	12,158,678
2015	10	1,886,000	983	11,321,607	993	13,207,607
2014	11	2,372,864	1,036	6,245,665	1,047	8,618,529
2013	6	1,133,463	1,009	6,509,222	1,015	7,642,685
2012	3	744,000	1,022	8,453,823	1,025	9,197,823
2011	5	966,411	767	5,927,285	772	6,893,696

Source: Building Official, Town of Granby

### Land Use

The Town of Granby is composed of various and competing land uses. These include residential single family and multi-family units, commercial retail, office and service, industrial, municipal, open space, forest, farmland, and recreational/park lands. The above categories of land use may be further classified as historic, neighborhood, scenic, wildlife habitat, wetland, water body, hilltop, cemetery, educational, public/private, etc.

Residential is the largest land use group in Granby and by far the greatest percentage of the land within the Town is zoned residential. Approximately 65% of the Town is zoned for single family residential homes on 2 acre lots with 200 feet of road frontage. The Zoning and Subdivision regulations permit a reduction in the lot size requirement within a development when large areas of open space are preserved.

The Town contains 26,176 acres of which an estimated 26%, or 6,900 acres, have been developed for residential use. The largest category of the total land (7,612 acres or 29%) is identified as vacant. Vacant land is defined as privately owned land with no active use.

### Distribution of Land Use

Land	Acres	% of Total
Residential	6,906	26.38
Public Facility	305	1.17
Semi-Public Facility	9	0.03
Commercial/Office	363	1.39
Industrial	152	0.58
Cemetery	30	0.11
Agriculture, Private	1,176	4.49
Public – Open Space	7,187	27.46
State Forest	1,726	6.59
Roads (rights of way)	710	2.71
Vacant	7,612	29.00
	<u>26,176</u>	<u>100.00</u>

Source: Town Planner's Office, Town of Granby (Updated January, 2021)

### Comparison of Land Use Concentration 1960 – 2021

Land Use	Acres				
	2021	2012	2005	1979	1960
Residential	6,906	6,157	6,010	3,280	1,574
Public, Semi-Public and Roads	1,024	825	905	205	58
Commercial/Office	363	129	105	70	40
Industrial	152	120	120	120	14
Agriculture, Private	1,176	2,444	2,800	3,145	5,029
Open Space and State Forest	8,913	8,290	6,705	3,855	2,944
Vacant	7,612	8,181	9,501	14,440	16,406
Cemetery	30	30	30	30	30
Totals	26,176	26,176	26,176	27,124	28,055

Source: Town Planner's Office, Town of Granby

Approximately 79% of Granby's total land area, as depicted in the following table, has been permanently preserved, previously developed, or is undevelopable. The total land area available for future development amounts to 21% consisting primarily of privately held agricultural and forested areas. Net acreage available for future development amounts to 5,273.

Land Use	2021	
	Acres	% of Total
Permanent open space	8,913	34
Land developed to date	8,475	32
Undevelopable land	3,515	13
Net acreage available for development	5,273	21
Total	26,176	100.0

Source: Town Planner's Office, Town of Granby



## IV. TAX BASE DATA

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### **Assessment Practices**

In accordance with Section 12-62 of the Connecticut General Statutes, the Town physically updated all real estate values as of October 1, 2017. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review. The Assessor's Office is responsible for the preparation of the Town's annual Grand List. The Grand List is a complete listing of all taxable real and personal property and motor vehicles in the Town, their ownership, and their assessed value as of October 1st in each year. For the list of October 1, 2019, Granby's Net Taxable Grand List amounted to \$1,021,020,023. Grand List information is used by the Board of Finance to set the mill rate which in turn becomes the basis for the Town's annual tax levy. Any property owner who wishes to appeal their assessment may do so before the Board of Assessment Appeals. Assessments for real property are computed at seventy (70%) percent of market value at the time of last revaluation (Grand List of 10/1/17). As the Grand List is prepared, tax maps are also updated. Building changes are updated through extensive field work. The Assessor's Office also administers the State of Connecticut's elderly tax relief programs and the veterans and blind exemption programs.

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

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership, including the month of registration, to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

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 8% 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% 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.

Section 12-170v of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to freeze the 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 total tax relief granted plus interest. The Town has not approved the use of this property tax abatement provision.

### **Motor Vehicle Property Tax Rate**

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-661 of the General Statutes, as amended ("Section 4-661"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2019 assessment year (Fiscal Year ending June 30, 2021) is 39.61 mills.

## Covid-19 Outbreak – Municipal Tax Relief Program

In compliance with Executive Order 7S, which was issued in response to the COVID-19 outbreak, the Town adopted the “Deferment Program”, which extended the grace period on taxes due between April 1, 2020 and July 1, 2020. On December 16, 2020, the Governor issued Executive Order 9R (“Order 9R”), which applies the Deferment Program to tax deadlines for tax bills that become due and payable on January 1, 2021 and extends the grace period to April 1, 2021. As of December 30, 2020, the Town was deemed to have adopted the Deferment Program for taxes due and payable on January 1, 2021 in accordance with Order 9R.

### Property Tax Collection Procedure

Real estate property taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one-half on July 1 and one-half on January 1. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Subject to what is permitted currently under the Governor’s executive orders, payments not received by August 1 and February 1, respectively, become delinquent. Motor vehicle property taxes are due in full on July 1 of each year. According to the provisions of Connecticut General Statute 12-145 and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month (18% per annum). In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

### Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property (%)	Industrial Real Property (%)	Other Real Property (%)	Personal Property (%) <sup>2.6</sup>	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	% Increase (Decrease)
2019	79.8	4.8	2.6	3.4	9.4	\$1,027,664,193	\$6,644,170	\$1,021,020,023	1.73
2018	80.7	4.8	2.2	3.0	9.3	1,009,685,375	6,029,791	1,003,655,584	1.36
2017 <sup>1</sup>	81.4	4.7	1.9	2.8	9.2	995,824,970	5,591,920	990,213,050	1.32
2016	81.8	4.7	1.7	2.6	9.2	982,598,080	5,311,180	977,286,900	0.61
2015	82.0	4.6	1.6	2.6	9.2	976,454,600	5,085,690	971,368,910	0.61
2014	75.4	4.3	8.8	2.4	9.1	970,046,150	4,571,260	965,474,890	0.57
2013	75.4	4.3	8.8	2.3	9.2	964,212,670	4,183,050	960,029,620	1.26
2012 <sup>1</sup>	75.5	4.3	9.0	2.3	9.0	958,094,420	4,082,930	954,011,490	(10.6)
2011	76.7	4.2	9.1	1.9	8.1	1,071,003,320	4,165,790	1,066,837,530	0.92
2010	77.6	4.3	8.6	1.8	7.7	1,061,469,580	4,364,060	1,057,105,520	0.80

<sup>1</sup> Revaluation

Source: Assessor's Office, Town of Granby

### Tax Exempt Property

The following categories of exempt properties are not included in the Net Taxable Grand List:

<u>Public</u>	<u>Value 10/1/19 <sup>1</sup></u>
Town of Granby .....	\$35,188,810
State of Connecticut .....	1,756,470
Sub-Total Public .....	36,945,280
 <u>Private</u>	
Churches .....	9,909,130
Veteran's Organizations .....	108,710
Agricultural .....	113,400
Volunteer Fire Companies .....	1,257,620
Cemeteries .....	440,370
Scientific, Educational, Historical, Charitable .....	17,032,210
Sub-Total Private.....	28,861,440
Total Exempt .....	\$65,806,720
Percent Compared to Net Taxable Grand List .....	6.45%

<sup>1</sup> Net Taxable Grand List 10/1/19: \$1,021,020,023

Source: Assessor's Office, Town of Granby

### Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 12/31/20
2019 <sup>1</sup>	2021	\$1,021,020,023	39.61	\$40,475,534	-- In Process	--	34.44
2018	2020	1,003,655,584	39.61	39,838,843	99.4	0.6	0.37
2017 <sup>2</sup>	2019	990,213,050	38.69	38,319,030	99.4	0.6	0.17
2016	2018	977,286,900	37.94/32.00 <sup>3</sup>	36,463,368	99.7	0.3	Nil
2015	2017	971,368,910	36.94	35,804,847	99.1	0.9	Nil
2014	2016	965,474,890	36.22	34,856,873	99.2	0.8	Nil
2013	2015	960,029,620	35.52	33,968,158	99.1	0.9	Nil
2012 <sup>2</sup>	2014	954,011,490	34.83	33,064,702	99.2	0.8	Nil
2011	2013	1,066,837,530	30.69	32,556,187	99.1	0.9	Nil
2010	2012	1,057,105,520	30.10	31,627,866	99.0	1.0	Nil

<sup>1</sup> Preliminary. Subject to audit.

<sup>2</sup> Revaluation

<sup>3</sup> Motor vehicle

Source: Tax Collector's Office, Town of Granby

### Property Taxes Receivable

<u>As of June 30</u>	<u>Total Uncollected</u>	<u>Uncollected for Current Year of Levy</u>
2020	\$444,904	\$267,074
2019 <sup>1</sup>	405,815	252,974
2018	458,723	245,298
2017	528,516	329,444
2016	589,595	322,354

<sup>1</sup> Estimated, unaudited. Tax Collector's Office, Town of Granby

Source: Comprehensive Annual Financial Reports, 2016- 2020, Town of Granby

### Ten Largest Taxpayers

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u>	<u>Percent of Net Taxable Grand List<sup>1</sup></u>
Connecticut Light & Power	Utility	\$17,252,830	1.69
Upstream Properties LLC	Ridgewood development	8,732,920	0.86
Granby Developers LLC	Stop & Shop Plaza	4,158,770	0.41
Arrow Concrete Products	Concrete contractor	3,676,190	0.36
E Living LLC	Greenway Apartments	3,564,700	0.35
Baygrape Associates	Meadowbrook Nursing Home	3,461,640	0.34
Granby Holdings LLC	Comm. RE, Bank Street Plaza	3,448,970	0.34
Halmar, Inc.	Contractor	2,687,020	0.26
Pierce Enterprises LLC	Builder, contractor	2,483,130	0.24
Granby Center Associates	Retail shopping plaza	2,035,530	0.20
Total		<u>\$51,501,700</u>	<u>5.04</u>

<sup>1</sup> Based on 10/1/19 Net Taxable Grand List of \$1,021,020,023  
Source: Assessor's Office, Town of Granby

## V. FINANCIAL INFORMATION

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### **Financial Reporting**

The financial statements of the Town are prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### **Fiscal Year**

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

### **Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are 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. Expenditures are generally 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.

Property taxes, charges for services, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

### **Budget Procedure**

The annual budget making process is outlined in Chapters 10 and 11 of the Town Charter. Specific timetables for budget adoption are also detailed in the Town Charter. Final budget approval rests with a referendum vote. The FY 2021 budget was approved on April 27, 2020..

The calendar for the Town's budget making process is as shown below:

Third Monday in March	The Town Manager presents a budget to the Board of Selectmen.
April (First Monday)	Last day for recommended budgets to be presented to Board of Finance.
April (Second Monday)	Public hearings held on Annual Budget.
April (Fourth Monday)	Annual Budget Vote. Annual Budget may be adopted by referendum majority vote following Town Charter procedure. If not adopted, the proposal is forwarded to another public hearing and another machine vote on the following Monday.

Due to the unprecedented pandemic crisis, Governor Lamont adopted Executive Order No. 7I, which suspended in-person budget adoption requirements for municipalities. Under Lamont's executive order, at an April 6, 2020 Board of Selectmen meeting, the Board of Selectmen voted unanimously to authorize the Board of Finance to adopt a budget for the fiscal year 2020-21 and set a mill rate for the same fiscal year on or before April 27, 2020. On April 13, 2020, at a Board of Finance special meeting, the Board of Finance voted unanimously to adopt the fiscal year 2020-21 annual town budget.

### **Annual Audit**

The Town, pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2020, the various funds of the Town were audited by Blum Shapiro. The auditors have not been asked nor have they given permission for the audited financial statements to be printed in this official statement.

## Finance Administration and Appropriations

The Town Charter establishes financial control procedures. The Town Manager is the Chief Financial Officer, assisted by a full-time Finance Officer and a part-time appointed Treasurer. A six-member elected Board of Finance must approve all annual budget appropriations. The Board of Finance is also responsible for transferring appropriations (except that no transfers may be made out of the Town's account for debt service or other statutory charges), approving additional appropriations, and determining the Town's tax rate.

### Pensions – Pension Trust Fund (Summary)

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements.

At July 1, 2019, PERS membership consisted of: Retirees and beneficiaries currently receiving benefits 54; Terminated employees entitled to benefits but not yet receiving them 15; and Active employees 51. Total 120. At July 1, 2019, there was 13 years remaining in the amortization period.

Certified police officers are required to contribute 6.0% of their salary, including overtime, educational incentive pay and longevity pay to the PERS. All other members contribute 5.0% of their gross salary, including overtime and any other form of additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance. Administrative costs are financed by the plan.

#### Employees' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$21,134,024	\$18,302,187	\$2,831,837
Changes for the year:			
Service cost	471,336	--	471,336
Interest on total pension liability	1,467,469	--	1,467,469
Effect of economic/demographic gains or losses	250,254	--	250,254
Effect of assumption changes or inputs	524,335	--	524,335
Benefit payments	(1,305,129)	(1,305,129)	--
Employer contributions	--	577,577	(577,577)
Member contributions	--	161,887	(161,887)
Net investment income	--	1,028,901	(1,028,901)
Administrative expenses	--	(12,514)	12,514
Net changes	1,408,265	18,752,909	957,543
Balances as of June 30, 2020	\$22,542,289	\$18,752,909	\$3,789,380

For the year ended June 30, 2020, the Town recognized pension expense of \$847,781. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$102,257	\$233,670
Assumption changes or inputs	584,696	--
Net difference between projected and actual earning on pension plan investments	--	34,804
Total	\$776,953	\$268,474

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

Year Ending June 30	
2021	\$ (444)
2022	157,324
2023	305,129
2024	46,470
	<u>\$508,479</u>

### Connecticut Teacher's Retirement System

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

#### Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$4,422,470 in Exhibit II for on-behalf amounts for the benefits provided by the State.

See Note 12. Employee Retirement Systems and Pension Plans in Notes to Financial Statements, June 30, 2020 Appendix A attached hereto for more information.

### Town - Other Post-Employment Benefits (OPEB)

#### Town Postretirement Health Care Plan

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post-Employment Benefits Trust Fund. The postretirement health care plan is a single employer defined benefit plan administered by the Town. The Town does not issue stand-alone financial statements for this program.

Management of the program for Other Post-Employment Benefits rests with the Employee Health Benefits Fund Advisory Committee, which consists of five members. The five members are the First Selectman, Board of Education Chairman, Town Manager, Superintendent of Schools, and a town resident appointed by the Board of Selectmen. The Employee Health Benefits Fund Advisory Committee delegates the power to administer the program to the Town Manager.

At July 1, 2019, plan membership consisted of 278 active plan members and 64 retired members totaling 342.

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Town's net OPEB liability was measured as of June 30, 2020. The Town contributed its 2019 OPEB actuarially determined contribution in fiscal year 2020. The components of the net OPEB liability of the Town at June 30, 2020, were as follows:

Total OPEB Liability	\$11,269,217
Plan fiduciary net position	<u>2,310,004</u>
Net OPEB Liability	<u>\$ 8,959,213</u>

Plan fiduciary net position as percentage of the total OPEB liability: 20.50%

The discount rate used to measure the total OPEB liability was 6.0%.

Changes in the net OPEB liability were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a-b)</b>
Balances as of July 1, 2019	\$ 8,717,768	\$1,933,142	\$6,784,626
Changes for the year:			
Service cost	367,351	--	367,351
Interest on total OPEB liability	527,206	--	527,206
Effect of change in benefit terms	(13,411)	--	(13,411)
Effect of economic/demographic gains or losses	1,985,479	--	1,985,479
Effect of assumptions changes or inputs	290,329	--	290,329
Benefit payments	(605,505)	(605,505)	--
Employer contributions	--	901,761	(901,761)
Member contributions	--	--	--
Net investment income	--	80,606	(80,606)
Net changes	2,551,449	376,862	2,174,687
Balances as of June 30, 2020	\$11,269,217	\$2310,004	\$8,959,213

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,122,168.

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$2,277,451	--
Assumption changes or inputs	522,133	--
Net difference between projected and actual earning on pension plan investments	52,160	--
Total	\$2,851,744	--

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future fiscal years as shown below:

	<b>Year Ending June 30</b>
2021	\$ 365,993
2022	365,995
2023	362,352
2024	359,224
2025	350,351
Thereafter	1,047,829
	<u>\$2,851,744</u>

For more information and the latest valuation report, see [https://www.granby-ct.gov/sites/g/files/vyhlif3171/f/uploads/gry2020\\_valuationreport\\_signed.pdf](https://www.granby-ct.gov/sites/g/files/vyhlif3171/f/uploads/gry2020_valuationreport_signed.pdf)

#### State Teachers Retirement Plan – OPEB (Summary)

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.



*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

*Employees*

Active teachers are required to contribute 1.25% of their pensionable salaries and retired teachers pay one third of the plan costs through monthly premiums.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$666,765 in Exhibit II as part of the State on-behalf-of payment program.

**General Fund Balance Sheet**

**Five Year Summary of Actual Assets, Liabilities, and Fund Balance (GAAP Basis)**

	<b>Actual 6/30/20</b>	<b>Actual 6/30/19</b>	<b>Actual 6/30/18</b>	<b>Actual 6/30/17</b>	<b>Actual 6/30/16</b>
<b>ASSETS</b>					
Cash and cash equivalents .....	\$14,792,402	\$ 6,549,784	\$ 5,858,898	\$ 5,233,361	\$ 6,490,078
Investments.....	--	6,290,551	6,167,567	6,102,254	6,071,984
Receivables, net.....	521,428	562,208	819,948	1,081,157	1,718,913
Due from other funds.....	619,86	2,386	13,550	608,388	88,840
<b>TOTAL ASSETS .....</b>	<b>\$15,375,816</b>	<b>\$13,404,929</b>	<b>\$12,859,963</b>	<b>\$13,025,160</b>	<b>\$14,369,815</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<u><b>Liabilities</b></u>					
Accounts payable and accrued liabilities.....	\$ 388,548	\$ 870,124	\$ 1,211,666	\$ 927,759	\$ 675,243
Due to other funds .....	4,844,183	5,475,231	6,039,101	6,730,393	8,332,656
<b>Total Liabilities .....</b>	<b>5,232,731</b>	<b>6,345,355</b>	<b>7,250,767</b>	<b>7,658,152</b>	<b>9,007,899</b>
<u><b>Deferred Inflows of Resources</b></u>					
Unavailable revenues – property taxes .....	400,948	384,234	334,494	521,558	627,401
Advance tax collections.....	27,526	10,106	8,770	33,679	52,581
<b>Total deferred in flows of resources.....</b>	<b>428,474</b>	<b>394,340</b>	<b>343,264</b>	<b>555,237</b>	<b>679,982</b>
<u><b>Fund Balances</b></u>					
Nonspendable .....	--	--	--	--	--
Restricted.....	--	--	--	--	--
Committed .....	51,858	51,050	50,131	51,064	7,541
Assigned .....	735,256	684,196	1,094,240	1,269,960	1,662,011
Unassigned .....	8,927,497	5,929,988	4,121,451	3,490,747	3,012,382
<b>Total fund balances .....</b>	<b>9,714,611</b>	<b>6,665,234</b>	<b>5,265,822</b>	<b>4,811,771</b>	<b>4,681,934</b>
<b>TOTAL LIABILITIES, EQUITY, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$15,375,816</b>	<b>\$13,404,929</b>	<b>\$12,859,853</b>	<b>\$13,025,160</b>	<b>\$14,369,815</b>

**Analysis of General Fund Balances**  
(GAAP Basis of Accounting)

	Actual 6/30/20	Actual 6/30/19	Actual 6/30/18	Actual 6/30/17	Actual 6/30/16
Committed - Revaluation .....	\$51,858	\$ 51,050	\$ 50,131	\$ 51,064	\$ 7,541
Assigned					
Next year's budget .....	444,000	600,000	950,000	1,050,000	1,000,000
General Government <sup>1</sup> .....	22,391	34,739	11,146	59,651	61,229
Public Safety <sup>1</sup> .....	1,600	13,286	24,293	36,007	8,998
Public Works <sup>1</sup> .....	59,677	12,194	52,290	61,154	146,165
Culture and Recreation <sup>1</sup> .....	6,475	15,880	13,679	12,444	17,925
Education <sup>1</sup> .....	201,113	8,097	42,832	50,704	427,694
Unassigned .....	8,927,497	5,929,988	4,121,451	3,490,747	3,012,382
Fund Balance (GAAP) .....	<u>\$9,714,611</u>	<u>\$6,665,234</u>	<u>\$5,265,822</u>	<u>\$4,811,771</u>	<u>\$4,681,934</u>

<sup>1</sup> Encumbrances

**General Fund Revenues and Expenditures**

Five Year Summary of Actual Revenues and Expenditures  
and Current Year Adopted Budget (GAAP Basis)

	Budget 2020-2021 <sup>1</sup>	Actual 6/30/20	Actual 6/30/19	Actual 6/30/18	Actual 6/30/17	Actual 6/30/16
<b>REVENUES:</b>						
Property Taxes .....	\$39,621,847	\$39,935,238	\$38,384,561	\$36,782,934	\$36,067,912	\$34,955,039
Intergovernmental Revenue .....	6,872,966 <sup>2</sup>	11,317,826	9,162,546	12,368,050	12,481,611	10,183,360
Licenses, Fees, Charges for Service .....	622,800	718,930	873,696	533,843	420,072	433,618
Investment Income .....	--	289,164	297,150	157,430	78,146	67,539
Other Revenues .....	504,728	442,621	248,468	290,351	325,381	288,443
<b>Total Revenues</b> .....	<u>47,622,341</u>	<u>52,703,779</u>	<u>48,966,424</u>	<u>50,132,608</u>	<u>49,373,122</u>	<u>45,927,999</u>
<b>EXPENDITURES</b>						
Current:						
General Government .....	4,703,439	4,237,630	3,907,037	3,867,686	3,749,328	3,517,394
Public Safety .....	2,834,317	2,773,626	2,764,754	2,579,110	2,587,087	2,466,454
Public Works and Environment .....	3,190,220	2,944,928	2,962,126	2,912,969	3,106,240	2,875,052
Recreation and Social Services .....	1,010,740	811,916	811,690	824,048	832,031	797,742
Capital Budget and CNEF Levy .....	1,750,000	--	--	--	--	--
Education .....	32,043,750 <sup>2</sup>	34,574,784	32,239,603	34,722,599	33,926,677	31,216,353
Debt Service:	2,089,875	2,767,355	3,426,245	3,534,891	3,644,006	3,756,355
<b>Total Expenditures</b> .....	<u>\$47,622,341</u>	<u>48,110,239</u>	<u>46,111,455</u>	<u>48,441,303</u>	<u>47,845,369</u>	<u>44,629,350</u>
Excess of Revenues Over (Under) Expenditures ...	<u>--</u>	<u>4,593,540</u>	<u>2,854,969</u>	<u>1,691,305</u>	<u>1,527,753</u>	<u>1,298,649</u>
Other Financing Sources (Uses)						
Operating Transfers In .....	--	18,567	66,177	237,045	130,199	1,005,517
Operating Transfers Out .....	--	(1,578,730)	(1,521,734)	(1,474,299)	(1,528,115)	(1,891,992)
Capital lease issuance .....	--	16,000	--	--	--	--
<b>Total Other Financing Sources (Uses)</b> .....	<u>--</u>	<u>(1,544,163)</u>	<u>(1,455,557)</u>	<u>(1,237,254)</u>	<u>(1,397,916)</u>	<u>(886,475)</u>
Net Change in Fund Balances .....	--	3,049,377	1,399,412	454,051	129,837	412,174
<b>Fund Balance – Beginning of Year</b> .....	<u>--</u>	<u>6,665,234</u>	<u>5,265,822</u>	<u>4,811,771</u>	<u>4,681,934</u>	<u>4,269,760</u>
<b>Fund Balance – End of Year</b> .....	<u>--</u>	<u>\$ 9,714,611</u>	<u>\$ 6,665,234</u>	<u>\$ 5,265,822</u>	<u>\$ 4,811,771</u>	<u>\$ 4,681,934</u>

<sup>1</sup> Budgetary basis

<sup>2</sup> Excludes State of Connecticut on-behalf-of teacher pension revenues and expenditures

### Five Year Capital Improvement Plan

<u>Program</u>	<u>Fiscal Year</u>					<u>Total</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Road construction	\$ 143,000	\$ 143,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 721,000
Culverts, bridges, drainage	--	950,000	50,000	50,000	50,000	1,100,000
Overlay roads	575,000	575,000	573,000	573,000	573,000	2,869,000
Capital equipment	478,890	819,657	612,457	520,656	506,688	2,938,348
Educational related	950,000	1,636,856	1,577,601	1,447,985	1,458,722	7,071,164
Property valuation						
/acquisition, mapping	50,000	425,000	500,000	350,000	50,000	1,375,000
Public facilities	175,550	156,000	80,000	55,000	55,000	521,550
Curbs, sidewalks, traffic control	--	50,000	60,000	15,000	--	125,000
Total	<u>\$2,372,440</u>	<u>\$4,755,513</u>	<u>\$3,598,058</u>	<u>\$3,156,641</u>	<u>\$2,838,410</u>	<u>\$16,721,062</u>

The amount requested for the Capital Budget for 2020 - 2021 is \$2,372,440. These projects will be funded \$1,750,000 from the operating budget, \$256,644 from the Town Aid Road (TAR) fund, \$100,000 from the Local Capital Improvement Program (LOCIP), \$500,000 from the Communications fund, \$20,000 from Contractors PD & ENGR Fund, \$120,550 from Recreation Fund and \$75,246 from the Capital Equipment/Improvement fund.

## VI. DEBT SUMMARY

### Principal Amount of Bonded Indebtedness <sup>1</sup>

As of March 3, 2021

(Pro Forma)

#### **Bonds**

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Bonds Outstanding</u>	<u>Fiscal Year Maturity</u>
2/1/06	School	3.75-5.00	\$ 7,900,000	\$2,135,000	2026
2/1/06	Public Improvement	3.75-5.00	2,100,000	565,000	2026
2/13/13	School	3.00-4.00	3,400,000	390,000	2023
2/13/13	Public Improvement	3.00-4.00	5,300,000	610,000	2023
	Sub-Total Bonded Debt		18,700,000	3,700,000	
<b><u>This Issue</u></b>					
3/3/21	Public Improvement	4.00-3.00	1,350,000	1,350,000	2041
3/3/21	School	4.00-3.00	2,050,000	2,050,000	2041
3/3/21	Public Improvement – Refunding – Federally Taxable	0.35-2.10	3,020,000	3,020,000	2033
3/3/21	School – Refunding – Federally Taxable	0.35-2.10	2,235,000	2,235,000	2033
	Sub-Total This Issue		8,655,000	8,655,000	
	Total Bonded Debt		\$27,355,000	\$12,355,000	

<sup>1</sup> Excludes refunded bonds

#### **Other Commitments**

##### **Leases**

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through December 2024 at interest rates from 2.2% to 2.92%. The Town has entered into capital lease agreements for the purchase of several vehicles and technology equipment.

	<u>Amount</u>
Assets:	
Vehicles and equipment	\$ 3,885,157
Less accumulated depreciation	<u>(1,873,875)</u>
Total	\$ 2,011,282

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2020 is as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 802,817
2022	626,979
2023	393,662
2024	208,300
2025	<u>63,809</u>
Total	2,095,567
Less amount representing interest	<u>(98,307)</u>
Total	\$1,997,260

**Annual Long-Term Bonded Debt Service**<sup>1, 2</sup>  
as of March 3, 2021  
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue (Pro forma)		Cumulative Percent Principal Retired
				Series A	Series B	
2022	\$1,040,000	\$170,000	\$1,210,000	\$ 170,000	\$ 75,000	10.44
2023	1,040,000	128,000	1,168,000	170,000	70,000	20.84
2024	540,000	81,000	621,000	170,000	570,000	31.24
2025	540,000	54,000	594,000	170,000	560,000	41.52
2026	540,000	27,000	567,000	170,000	545,000	51.68
2027	--	--	--	170,000	535,000	57.39
2028	--	--	--	170,000	525,000	63.01
2029	--	--	--	170,000	490,000	68.31
2030	--	--	--	170,000	480,000	73.57
2031	--	--	--	170,000	475,000	78.75
2032	--	--	--	170,000	470,000	83.89
2033	--	--	--	170,000	460,000	88.99
2034	--	--	--	170,000	--	90.37
2035	--	--	--	170,000	--	91.74
2036	--	--	--	170,000	--	93.12
2037	--	--	--	170,000	--	94.50
2038	--	--	--	170,000	--	95.87
2039	--	--	--	170,000	--	97.25
2040	--	--	--	170,000	--	98.62
2041	--	--	--	170,000	--	100.00
	<u>\$3,700,000</u>	<u>\$460,000</u>	<u>\$4,160,000</u>	<u>\$3,400,000</u>	<u>\$5,255,000</u>	

<sup>1</sup> Excludes \$1,645,000 of principal and \$377,375 of interest due and paid in fiscal year 2021

<sup>2</sup> Excludes refunded bonds

**Overlapping/Underlying Debt**

The Town has neither overlapping nor underlying debt.

**Debt Statement**

As of March 3, 2021

(Pro Forma)

**LONG-TERM DEBT OUTSTANDING**

Public Improvement (includes \$4,370,000 of This Issue).....	\$ 5,545,000
Schools (includes \$4,285,000 of This Issue).....	<u>6,810,000</u>
TOTAL LONG-TERM DEBT .....	12,355,000
SHORT-TERM DEBT .....	<u>-0-</u>
TOTAL DIRECT AND OVERALL NET DEBT.....	\$12,355,000

## Current Debt Ratios

As of March 3, 2021

(Pro Forma)

Population (2019) <sup>1</sup> .....	11,361
Net Taxable Grand List (10/1/19) <sup>2</sup> .....	\$1,021,020,023
Estimated Full Value .....	\$1,458,600,033
Equalized Net Taxable Grand List (10/1/18) <sup>3</sup> .....	\$1,554,087,392
Money Income per Capita (2018) <sup>4</sup> .....	\$55,211

<sup>1</sup> US Department of Commerce, Bureau of Census, American Community Survey 2015 - 2019

<sup>2</sup> Revalued 10/1/17. Net taxable grand list at 70% of full value.

<sup>3</sup> Office of Policy and Management, State of Connecticut

<sup>4</sup> US Department of Commerce, Bureau of Census, American Community Survey 2015 - 2019

	<b>Total Direct and Overall Net Debt</b>
	<b>\$12,355,000</b>
Per Capita .....	\$1,087.49
Ratio to Net Taxable Grand List .....	1.21%
Ratio to Estimated Full Value .....	0.85%
Ratio to Equalized Grand List .....	0.80%
Debt per Capita to Money Income per Capita .	1.97%

### Bond Authorization

Upon recommendation of the Board of Selectmen, the Board of Finance, and approval by a Town Meeting, the Town may issue temporary Bonds and Notes, provided, however, that for any resolution authorizing the issuance of Bonds in an amount greater than three percent (3%) of the Grand List, the Town may issue Bonds and Notes only after approval by a majority of voters voting at referendum.

### Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third and each subsequent year in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school construction projects) of the estimated net project cost (CGS Sec. 7-378a). In addition, the term of any bonds issued must be 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 financed no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

### Limitation of Indebtedness

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

- General Purpose: 2.25 times annual receipts from taxation
- School Purpose: 4.50 times annual receipts from taxation
- Sewer Purpose: 3.75 times annual receipts from taxation
- Urban Renewal Purpose: 3.25 times annual receipts from taxation
- Pension Obligation Purpose: 3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times annual receipts from taxation.

Annual receipts from taxation (the “base”) are defined as total tax collections, interest, penalties, 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 (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, and 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; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment, allocation by the State Bond Commission, or contract but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects and (vi) upon placement in escrow of the proceeds of refunding Bonds, notes, or other obligations to provide for the payment of Bonds, notes, or other obligations.

### Statement of Statutory Debt Limitation

as of March 3, 2021

(Pro Forma)

#### TOTAL TAX COLLECTIONS (including interest and lien fees)

received by the Treasurer for the year ended June 30, 2019 ..... \$38,384,564

#### REIMBURSEMENT FOR REVENUE LOSS:

Tax Relief for Elderly ..... 70,750

BASE ..... \$38,455,314

	General Purpose	School	Sewer	Urban Renewal	Pension Obligation
<b>DEBT LIMITATION:</b>					
2.25 times base .....	\$86,524,457	--	--	--	--
4.50 times base .....	--	\$173,048,913	--	--	--
3.75 times base .....	--	--	\$144,207,428	--	--
3.25 times base .....	--	--	--	\$124,979,771	--
3.00 times base .....	--	--	--	--	\$115,365,942
Total debt limitation .....	<u>86,524,457</u>	<u>173,048,913</u>	<u>144,207,428</u>	<u>124,979,771</u>	<u>115,365,942</u>
<b>INDEBTEDNESS:</b>					
Bonds Outstanding .....	1,175,000	2,525,000	--	--	--
Bonds This Issue .....	4,370,000	4,285,000	--	--	--
Debt Authorized But Unissued .....	<u>1,347,470</u>	<u>3,909,142</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Indebtedness for					
Debt Limitation Calculation .....	<u>6,892,470</u>	<u>10,719,142</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>DEBT LIMITATION IN EXCESS</b>					
<b>OF INDEBTEDNESS</b>	<u>\$79,631,987</u>	<u>\$162,329,913</u>	<u>\$144,207,428</u>	<u>\$124,979,771</u>	<u>\$115,365,942</u>

Note: Although all indebtedness for the purposes of the debt limitation calculation amounts to \$17,611,612 in no event shall total indebtedness exceed seven times annual receipts from taxation. The maximum permitted under this formula would be \$269,187,198.

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

**Authorized but Unissued Debt**  
as of March 3, 2021  
(Pro Forma)

Project	Amount of Authorization	Previously Bonded	Bonds This Issue	Grants/ Paydowns	Debt Authorized but Unissued	
					General Purpose	School
Bridges	\$13,716,000	--	\$ 1,350,000	\$11,018,530	\$1,347,470	--
Schools	7,100,000	--	2,050,000	3,190,858	--	\$3,909,142
	<u>\$20,816,000</u>	<u>--</u>	<u>\$3,400,000</u>	<u>\$14,209,388</u>	<u>\$1,347,470</u>	<u>\$3,909,142</u>

**Principal Amount of Outstanding Debt**  
Last Five Fiscal Years

	2020	2019	2018	2017	2016	2015
Long-Term Debt.....	\$8,550,000	\$12,480,000	\$15,305,000	\$18,125,000	\$20,940,000	\$23,750,000
Short-Term Debt.....	--	--	--	--	--	--
Totals .....	<u>\$8,550,000</u>	<u>\$12,480,000</u>	<u>\$15,305,000</u>	<u>\$18,125,000</u>	<u>\$20,940,000</u>	<u>\$23,750,000</u>

**Ratios of Net Long-Term Debt to Valuation, Population, and Income**

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value <sup>1</sup>	Net Long Term Debt <sup>2</sup>	Ratio of Net Debt to Assessed Value (%)	Ratio of Net Debt to Estimated Full Value (%)	Net Debt per Capita <sup>3</sup>	Ratio of Net Debt per Capita to Per Capita Income (%) <sup>4</sup>
2020	\$1,003,655,584	\$1,433,793,691	\$8,550,000	0.85	0.60	\$ 756.30	1.38
2019	990,213,050	1,414,590,071	12,480,000	1.26	0.88	1,102.18	2.11
2018	977,286,900	1,396,124,143	15,305,000	1.57	1.10	1,351.67	2.59
2017 *	971,368,910	1,387,669,871	18,125,000	1.87	1.31	1,600.72	3.07
2016	965,474,890	1,379,249,843	20,940,000	2.17	1.52	1,849.33	3.55
2015	960,029,620	1,371,470,886	23,750,000	2.47	1.73	2,097.50	4.02
2014	954,011,490	1,362,873,557	26,085,000	2.73	1.91	2,303.72	4.42
2013	1,066,837,530	1,524,053,614	28,420,000	2.66	1.86	2,100.84	3.84
2012 *	1,057,105,520	1,510,150,743	22,045,000	2.09	1.46	1,946.92	3.73
2011	1,048,749,700	1,498,213,857	24,402,500	2.33	1.63	2,155.13	4.13

<sup>1</sup> Assessment Ratio, 70%; Last revaluation 10/1/17.

<sup>2</sup> Reflects deductions for contractual state school building construction grants receivable over the life of the respective issues.

<sup>3</sup> U.S. Department of Commerce, Bureau of Census, American Community Survey 2015 – 2019: 11,305

<sup>4</sup> Money Income per Capita (2018): \$54,714

\* Revaluation

**Ratios of Annual Long-Term General Fund Debt Service Expenditures  
to Total General Fund Expenditures**

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2020	\$2,285,000	\$482,355	\$2,767,355	\$49,688,969	5.57
2019	2,825,000	601,245	3,426,245	47,633,189	7.19
2018	2,820,000	714,540	3,534,540	48,441,303	7.30
2017	2,815,000	827,990	3,642,990	47,845,369	7.61
2016	2,810,000	940,745	3,750,745	44,629,350	8.40
2015	2,335,000	1,040,905	3,375,905	43,675,820	7.73
2014	2,335,000	1,122,542	3,457,542	43,362,672	7.97
2013	2,325,000	970,410	3,295,410	41,797,578	7.88
2012	2,357,500	1,072,914	3,440,414	40,486,132	8.50
2011	2,827,500	1,199,297	4,026,797	40,661,659	9.90



## VII. LEGAL AND OTHER INFORMATION

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### **Litigation**

The Town of Granby, its officers, employees, boards, and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### **Documents Furnished at Delivery**

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A Certificate signed on behalf of the Town by the Town Manager and the Treasurer which will be dated the date of delivery which will certify, to the best of said officials' knowledge and belief, that as of the date of the execution of the Bond Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. A receipt for the purchase price of the Bonds;
4. The approving opinions of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut substantially in the forms of Appendix B attached to the Official Statement;
5. Executed Continuing Disclosure Agreements for the Bonds substantially in the forms of Appendix C attached to this Official Statement;
6. Such other documents as required by the Bond Purchase Agreement.

The Town has prepared an Official Statement for the bond issue which is dated February 23, 2021. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(5), but it is subject to revision or amendment. The Town will make available to the underwriter of the Bonds such copies of the final Official Statement as are necessary at the Town's expense within seven business days of bond pricing.

### **Concluding Statement**

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various Town officials, departments and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

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

#### **TOWN OF GRANBY, CONNECTICUT**

By: /s/ John D. Ward

JOHN D. WARD, *Town Manager*

By: /s/ John E. Adams

JOHN E. ADAMS, *Treasurer*

February 23, 2021

## APPENDIX A

### BASIC FINANCIAL STATEMENTS

#### TOWN OF GRANBY, CONNECTICUT

As of and for the Fiscal Year Ended June 30, 2020

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Appendix A -- BASIC FINANCIAL STATEMENTS are taken from the Annual Financial Report of the Town of Granby, Connecticut for the Fiscal Year ended June 30, 2020 and does not include all combining and individual fund and account group financial statements and schedules and supplementary data. A copy of the complete report is available upon request from the office of the Town Manager, 15 North Granby Road, Granby, CT 06060.

## **Independent Auditors' Report**

To the Board of Finance  
Town of Granby, Connecticut

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Granby, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Granby, Connecticut's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Granby, Connecticut, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 2, 2020

## Management's Discussion and Analysis

This Annual Financial Report is prepared using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as the managers of the Town of Granby, prepare a report that focuses on our most important, or "major" funds, including the general fund.

Fund statements measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Budgetary compliance remains an important part of governmental accountability. Our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Granby's financial position has improved or deteriorated as a result of the year's operations. The annual financial report includes government-wide financial statements prepared on the accrual basis for all of the government's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the government-wide financial statements will assist the reader to:

- Assess the finances of Granby in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, schools, parks, and other infrastructure assets; and
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- \* **Management's Discussion and Analysis (MD&A)** - An introduction to the basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions, or conditions. The MD&A:
  - ❑ Includes comparisons of the current year to the prior year based on government-wide information;
  - ❑ Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
  - ❑ Analyzes significant changes in fund and major budget variances;
  - ❑ Describes capital asset and long-term debt activity during the year; and

- ❑ Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

### Basic Financial Statements

- **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Town of Granby's finances, in a manner similar to private-sector business.
- *Government-Wide Financial Statements* include a *statement of net position* which presents information on all of the Town of Granby's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Granby is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation and sick leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government. Both of the government-wide financial statements distinguish functions of the Town of Granby that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works and environment, recreation and social services, education, and interest on long-term debt.
- Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with accumulated depreciation expense in the statement of net position. Net position is reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net position are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.



**Fund Financial Statements** are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Granby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental fund* financial statements include financial data for the general fund, capital projects fund, special revenue funds, and permanent funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it is useful to compare the information presented for *governmental activities* in the government-wide financial statements with similar information presented for *governmental funds* in the long-term impact of the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Town of Granby maintains thirty-one individual governmental funds. The twenty-six special revenue funds and two permanent funds are included in the nonmajor governmental funds category. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the small cities fund, all of which are considered to be major funds. Data from the other twenty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the twenty-eight nonmajor governmental funds is provided in the form of *combining statements* under Supplemental Information, *Exhibits B-1 and B-2*. The Town of Granby adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget appropriations.
- *Proprietary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Town of Granby maintains one type of proprietary fund, an internal service fund. *Internal service funds* are an accounting device used to calculate and allocate costs internally among the Town of Granby's various functions. The Town uses an internal service fund to account for its employee health benefits, collecting employer and employee payments and disbursing payments as required. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 statement because the resources of those funds are *not* available to support the Town of Granby's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net position, a statement of revenues, expenses, and changes in net fund position, and a statement of cash flows. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund, the capital projects fund, and the small cities fund, the three major governmental funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Non-major funds are reported in the aggregate in a separate column as are internal service funds on the proprietary fund statements.

Governmental fund balances are segregated into five categories: nonspendable, restricted, committed, assigned, and unassigned. (See Exhibit III - Balance Sheet, Governmental Funds, Note 1.M. Fund Equity, and Note 10, Fund Balance, of the Notes to the Financial Statements for a detailed explanation).

Proprietary fund net position is reported in the same categories required for government-wide financial statements. Proprietary fund statements of net position distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net position.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. We must show a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary fund statements also disclose interfund loans, interfund services provided and used, and interfund transfers.

#### ➤ Notes to the Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.

- Required Supplementary Information (RSI) consists of MD&A, budgetary comparison schedules, pension information, and retiree health insurance.

General Fund

RSI-1 Schedule of Revenues and Other Financing Sources - Budget and Actual

RSI-2 Schedule of Expenditures and Other Financing Uses - Budget and Actual

Pension Trust Fund:

RSI-3 Schedule of Changes in Net Pension Liability and Related Ratios

RSI-4 Schedule of Employer Contributions

RSI-5 Schedule of Investment Returns

Teachers Retirement Plan

RSI-6 Schedule of the Town's Proportionate Share of the Net Pension Liability

OPEB Plan

RSI-7 Schedule of Changes in Net OPEB Liability and Related Ratios

RSI-8 Schedule of Employer Contributions

RSI-9 Schedule of Investment Returns

Teachers OPEB Plan

RSI-10 Schedule of the Town's Proportionate Share of the Net OPEB Liability

The combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented immediately following the required supplementary information.

As management of the Town of Granby, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here and in the Town's financial statements, Exhibits I to IX, and the Notes to the Financial Statements.

## **Financial Highlights**

- The assets and deferred outflows of the Town of Granby exceeded its liabilities and deferred inflows at the close of the most recent year by \$57,280,126 (net position). Of this amount, \$4,362,560 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$4,669,604 up from June 30, 2019.
- As of the close of the fiscal year 2020, the Town's governmental funds reported combined ending fund balances of \$13,969,316, an increase of \$2,399,632 in comparison with the prior year. Unassigned fund balances amounted to a collective \$8,891,751, or 15.67% of total governmental funds revenues of \$56,729,519.
- At the end of the fiscal year 2020, unassigned fund balance for the general fund was \$8,927,497. Unassigned general fund balance represents 16.94% of total general fund revenues of \$52,703,779.
- The Town of Granby paid \$2,285,000 in maturing bond principal and issued no new bonds reducing our long-term debt to \$10,195,000. The Town entered into \$642,698 of new capital leases and made \$758,760 in lease payments for a year-end lease balance of \$1,997,260.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Granby, assets and deferred outflows exceeded liabilities and deferred inflows by \$57,280,126 at the close of the fiscal year 2020. By far the largest portion of the Town's net position, \$52,748,957 (92.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Granby uses these capital

assets to provide services to citizens consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1. Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 17,515,805	\$ 14,969,039
Capital assets, net of accumulated depreciation	65,522,580	65,556,233
Total assets	83,038,385	80,525,272
Deferred Outflow of Resources:	3,628,697	1,278,147
Long-Term Debt Outstanding	26,467,352	25,821,924
Other liabilities	2,623,604	2,816,076
Total liabilities	29,090,956	28,638,000
Deferred Inflow of Resources	296,000	554,897
Net Position:		
Net investment in capital assets	52,748,957	50,338,093
Restricted	168,609	191,022
Unrestricted	4,362,560	2,081,407
Total Net Position	\$ 57,280,126	\$ 52,610,522

A portion of the Town's net position, \$168,609 (0.29%), represents resources that are subject to external restrictions on how they may be used. An amount of \$150,595 is set aside for debt service and \$18,014 is restricted for nonexpendable trust purposes. The remaining balance of *unrestricted net position*, \$4,362,560, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2020, the Town of Granby is able to report positive balances in all three categories of net position both for government as a whole as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

The government's net position increased by \$4,669,604 from operations during the current fiscal year. There were a number of positive and negative influences on this outcome. Increasing net position were greater fund balances of \$2,399,632 (Exhibit IV) and a net reduction in outstanding debt and lease obligations of \$2,401,062. Further supplementing the positive net position increase was a net \$2,489,943 reconciling revenue reporting between funds and the statement of activities. Decreasing net position was a net \$2,722,233 reflecting a \$2,174,587 increase in OPEB liability and a \$957,543 increase in pension liability.

The Town brought in total general revenues of \$40,741,307 which exceeded its net program expenses of \$36,071,703 by the amount of the net position increase of \$4,669,604. Gross expenses of \$57,321,624 were offset by \$4,019,462 in charges for services, \$15,507,797 in operating grants and contributions, and \$1,722,662 in capital grants and contributions. The balance of the Town's total revenues of \$61,991,228 came in the form of \$39,951,952 of local property tax collections, \$112,314 of unrestricted grants and contributions, \$336,534 of unrestricted investment earnings, and \$340,507 of miscellaneous income. Of the net program expenses, \$24,445,590 was attributable to the Board of Education. Net general government expenses accounted for \$3,376,455, public safety \$2,853,097, public works and environment \$3,754,716, recreation and social services \$1,197,784, and interest on long-term debt \$444,061.

**Governmental activities.** Governmental activities increased the Town's net position by \$4,669,604 as discussed above and shown in the following chart, accounting for 100% of the total increase in our net position. Key elements of this increase are as follows:

**Table 2. Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Revenues:		
Program revenues:		
Charges for services	\$ 4,019,462	\$ 4,241,366
Operating grants and contributions	15,507,797	11,659,856
Capital grants and contributions	1,722,662	331,943
General revenues:		
Property taxes	39,951,952	38,434,304
Grants and contributions not restricted to specific purpose	112,314	131,918
Unrestricted investment earnings	336,534	341,032
Other general revenues	340,507	84,838
Total revenues	<u>61,991,228</u>	<u>55,225,257</u>
Program Expenses:		
General government	4,691,492	5,226,205
Public safety	3,093,027	3,060,766
Public works and environment	4,764,117	5,091,384
Recreation and social services	1,729,649	1,666,976
Education	42,599,278	38,325,519
Interest on long-term debt	444,061	577,267
Total program expenses	<u>57,321,624</u>	<u>53,948,117</u>
Change in Net Position	4,669,604	1,277,140
Net Position at July 1	<u>52,610,522</u>	<u>51,333,382</u>
Net Position at End of Year	<u>\$ 57,280,126</u>	<u>\$ 52,610,522</u>

On the revenue side, total revenues from the prior year increased by \$6,765,971 or 12.25%. In program revenues, charges for services were slightly less than in the previous year by \$221,904 (5.23%) comprised of a \$238,472 decline in governmental activities fees, \$288,993 less in recreation and social services which was modestly offset by \$275,395 more charged for educational services. Operating grants and contributions showed a healthy increase of \$3,847,941 driven by \$4,543,165 of improved educational grants somewhat offset by a \$651,709 drop in general government funding. Capital grants and contributions rose for general government from \$331,943 to \$1,722,662 with an added \$1,595,875 for education. In general revenues, property tax collections were up \$1,517,648 (3.95%) reflecting a healthy collection rate of 99.17% for the current year levy.

On the expense side, the overall increase of \$3,373,507 was primarily driven by increased education expenditures of \$42,559,278, an additional \$4,273,759 (11.15%) over FY 2019. The rise in education expenses was driven primarily by the State Teachers' Retirement Board on-behalf-of contribution to the teachers' pension in the amount of \$7,175,600. The Town recognizes this transaction as a revenue and an expenditure but it does not represent an actual revenue or expenditure by the Town.

Chart 1 following presents the costs of each of the Town's six programs as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

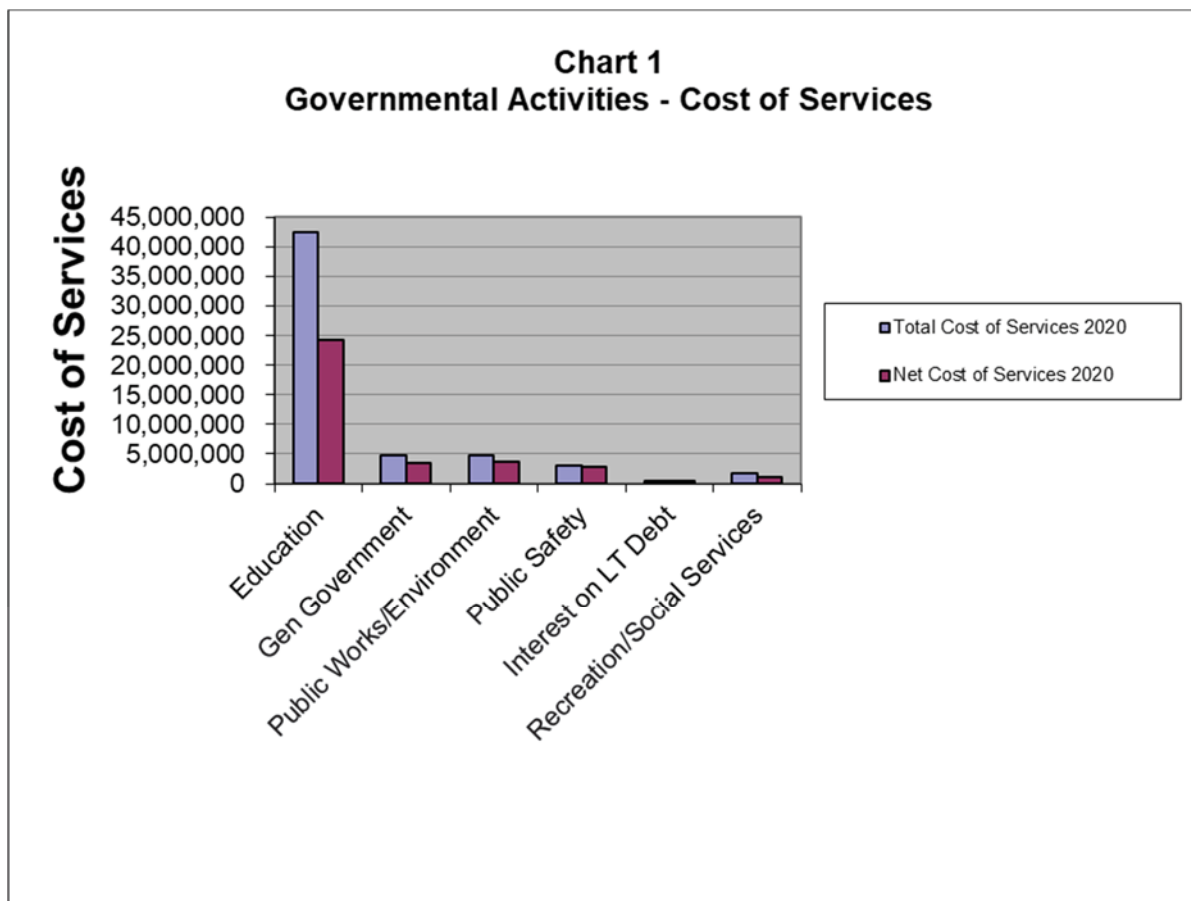
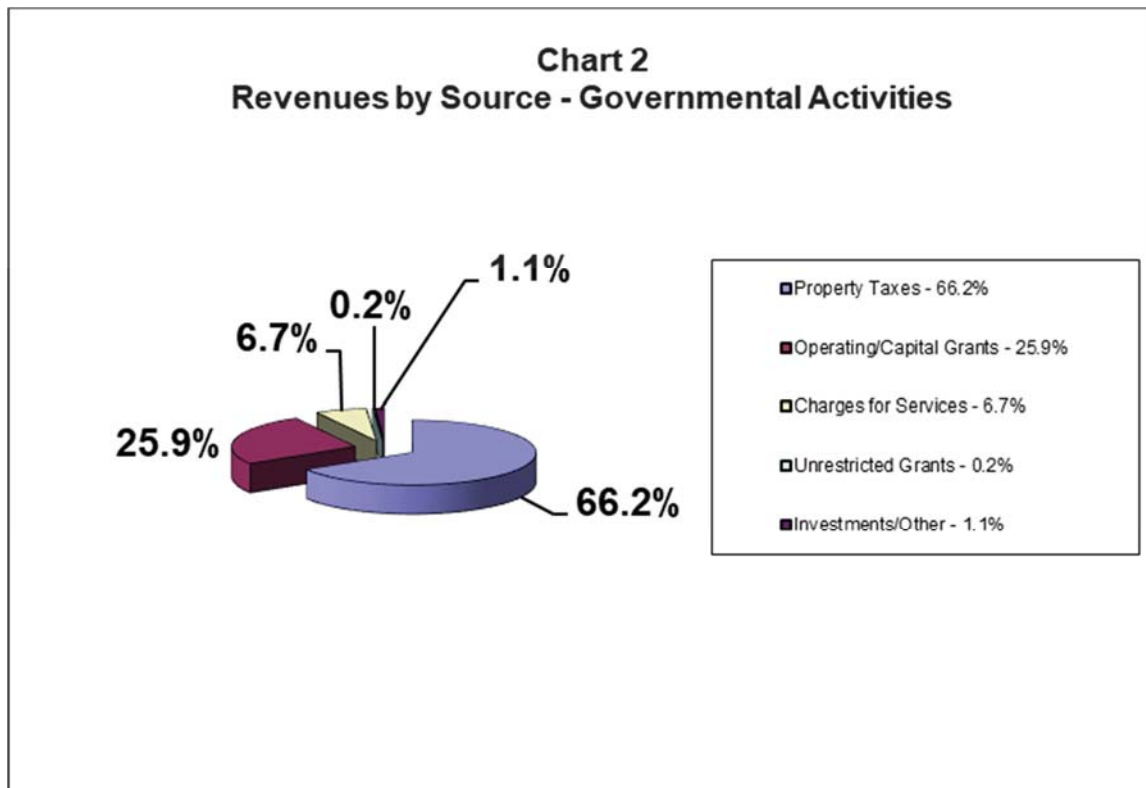




Chart 2 following indicates the sources of all Town revenues and the percentage of total Town revenue these individual revenues represent.



### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,969,316, an increase of \$2,399,632 in comparison with the prior year. Unrestricted fund balance (committed, assigned, and unassigned), which is available for spending at the government's discretion, amounts to \$12,703,463. The General Fund, the Capital Projects Fund, and the Other Governmental Funds all posted positive fund balances for the year. Nonspendable fund balance in the amount of \$18,014 is not available for new spending because it represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) and restricted fund balance of \$1,247,839 represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments, specifically, \$150,595 for debt service and \$1,097,244 for grants.

The general fund is the chief operating fund of the Town of Granby. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$8,927,497 and total fund balance was \$9,714,611. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund revenues. Unassigned fund balance represents 16.94% of total general fund revenues of \$52,703,779 and total fund balance 18.43%.

The fund balance of the Town's general fund increased by \$3,049,377 during the current fiscal year. The Town completed the year with an operating surplus of \$4,593,540, but with net transfers out of \$1,544,163 to our capital projects fund and a variety of nonmajor special revenue funds for budgeted expenditures, the Town still improved the total general fund balance to a closing \$9,714,611.

The capital projects fund balance fell by \$486,450 to \$614,219 reflecting \$3,214,427 of capital expenditures for purchase of technology equipment for the board of education, town vehicles, BOE buses, and equipment. These expenditures were funded by \$278,867 of grants, investment earnings and other revenues, \$1,905,990 of transfers in, and \$543,120 in new capital leases.

The small cities fund consists of a revolving loan fund and two grant funded capital accounts and is used for a housing rehabilitation program, Salmon Brook Elderly Housing, and the Stony Hill Village elderly housing. The fund realized \$23,257 in revenues from grants and homeowners repaying their loans and a general government outlay of \$2,280 for an operating gain of \$20,977 and a closing fund balance of \$113,362.

**Proprietary fund.** The Town of Granby's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As indicated earlier, we use an internal service fund to account for employee health benefits.

Net position of the internal service fund at the end of the 2020 year amounted to \$520,627, up \$134,853 from FY 2019, all of which is unrestricted. The total increase in net position for the fund arose due to contributions and interest of \$7,000,505 exceeding claims, OPEB contributions, and administrative fees of \$6,865,652.

### **General Fund Budgetary Highlights**

The original revenue budget of \$46,166,273 and the final revenue budget remained unchanged. The original expenditure budget of \$46,766,273 was adjusted up by \$132,830 to reflect \$12,563 added to recreation and social services, \$28,428 more for public works, a \$39,762 increase in public safety (primarily in police operations and services), and \$52,077 extra for various general government needs.

During the year, actual revenues exceeded budgeted revenues by \$1,919,818 and actual expenditures were \$1,478,218 under budget, providing an overall positive budget variance of \$3,398,036.

### **Revenues**

Property taxes, interest, and lien fees collected contributed \$958,619 more than expected and local revenues exceeded budget expectations by \$390,530. A \$174,294 additional education equalization grant and an additional \$55,192 in tuition paid by other towns plus other extra grant proceeds pushed total intergovernmental grants to a net total budget positive of \$161,215. Investment income realized \$248,356 over budget. Various other revenues added \$155,999 to the total \$1,919,818 positive budget variance.



## Expenditures

The education budget of \$31,134,619 remained unchanged but careful cost controls returned \$902,062 to the Town.

Every expenditure category contributed to the positive budgetary outcome in varying amounts. For additional information, please see Exhibit RSI-1 and RSI-2 under Required Supplementary Information contained in this report.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Granby's investment in capital assets for its governmental assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net decrease (after dispositions and depreciation) in the Town's net investment in capital assets for the current fiscal year was \$33,653.

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

Leases – The Town leased a number of pieces of equipment in FY 2020, as follows:

Dump Truck 2020 Freightliner 114SD plus attachments	\$171,407.00
BOE 2017 Thomas 77 passenger Bus (preowned)	\$50,006.00
BOE 3 Auto Scrubber w/gel batteries	\$17,614.00
BOE Scissor & Articulating Narrow Lifts	\$53,441.00
BOE Technology <sup>1</sup>	250,652.00
	<hr/>
	\$543,120.00
Q&D Technology	<hr/>
	\$83,578.00
Copiers	<hr/>
	\$16,000.00

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<sup>1</sup> *Wireless access points, business dept. doc. management system, replacement phone system, servers (KL/MS/HS/CS), projectors/touch screen boards, security cameras, printers (conventional and 3D), computers*

Capital projects – The Town completed the Granby Memorial Middle School gutter system, Salmon Brook Park Pavilion roof and Holcomb Farm Main Barn roof projects. The Town started on the Granby Memorial Middle School roof, High School stairwell, High School roof, High School science room, and the Griffin Bridge and Hungary Bridge projects. The Town also accepted land (0.514 acres) and its improvement in April 2020. All together, these projects and the land totaled \$2,247,525 as reported for land (\$65,300), construction in progress (\$372,252) and buildings and improvements (\$1,809,973) which were paid for by the operating budget capital account.

A summary of our capital assets is as follows:

**Table 3. Capital Assets at Year-end (Net of Depreciation)**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land (not depreciated)	\$ 8,527,129	\$ 8,461,829
Construction in progress (not depreciated)	856,098	483,846
Buildings and improvements	37,574,446	37,658,000
Vehicles and equipment	3,031,645	2,794,795
Infrastructure	15,533,262	16,157,763
Total	<u>\$ 65,522,580</u>	<u>\$ 65,556,233</u>

Additional information on the Town of Granby's capital assets can be found in Note 5, Capital Assets of this report.

**Long-Term Debt.** At the end of the 2020 fiscal year, the Town of Granby had \$10,195,000 of long-term bonded debt and no short-term debt. The Town paid off \$2,285,000 of bond principal and \$444,061 of interest. The outstanding capital leases stood at \$1,997,260 at year end after the addition of \$642,698 of new equipment and payments of \$758,760. One hundred percent of Granby's indebtedness is general obligation debt secured by the full faith and credit of the Town.

**Table 4. Long-Term Debt**

<b>Date</b>	<b>Purpose</b>	<b>Rate</b>	<b>Original</b>	<b>Debt</b>	<b>Fiscal Year Maturity</b>
2/15/2006	Public Improvement	3.8-5.00	\$ 10,000,000	\$ 3,245,000	2026
8/15/2006	School	4.0-5.00	7,800,000	600,000	2021
2/15/2013	Public Improvement	2.0-4.0	8,700,000	6,350,000	2033
			<u>\$ 26,500,000</u>	<u>\$ 10,195,000</u>	

The Town issued no new debt this fiscal year.

On June 4, 2019, the Town by referendum appropriated and authorized the issuance of \$13,716,000 of road bonds, \$7,100,000 of school bonds, and \$4,215,000 for solar paneling. We anticipate financing for the initial stages of these projects will begin in FY 2021.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections plus interest and lien fees. For June 30, 2020, the maximum amount of borrowing permitted under the formula would be \$269,187,198. With total borrowings of \$10,195,000 and an aggregate \$20,816,000 of debt authorized but unissued, the Town's outstanding general obligation debt is \$238,176,198 below the maximum debt limitation (See Note 8. Long-Term Debt, of this report and Table 10 - Statement of Debt Limitation).

Standard & Poor's Corporation (S&P), one of the three nationally recognized municipal credit rating agencies, rates our outstanding bonded debt "AA+".

The Town has entered into a number of capital leases which are treated as a long-term liability on the balance sheet. These leases vary in duration through December 1, 2024 and bear interest rates from 2.20% to 2.92%. As of June 30, 2020, we had combined capital lease obligations outstanding in the amount of \$1,997,260, the proceeds of which were used as described earlier. See "Capital Assets" above. Also see Note 9. Leases, of this report.

## **Economic Factors and Next Year's Budget**

Suspension of In-Person Budget Adoption Requirements for Municipalities.

On March 21, 2020, Governor Ned Lamont issued Executive Order No. 71 (the "Order") to address municipal and school district concerns related to their budgets, deadlines and other related matters as a result of coronavirus disease 2019 ("COVID-19").

The Order includes the following notable provisions:

### **EXTENSION OF BUDGET DEADLINES FOR OTHER MUNICIPAL BODIES:**

As we have already indicated, via Executive Order 7C", Governor Lamont ordered a 30 day extension of all municipal budget deadlines occurring on or before May 15, 2020 that pertain to the preparation of a municipal budget for the 2020-2021 fiscal year. The Order clarifies that these deadline extensions apply to all municipalities and quasi municipal corporations, including any village, school, sewer, fire, lighting, special services or special taxing district, beach or improvement association, any regional water or resource recovery authority or any other political subdivision of the state or any municipality.

### **BUDGET ADOPTION/SUSPENSION OF IN-PERSON BUDGET ADOPTION REQUIREMENTS:**

#### **Municipalities**

- The Order overrides any contrary statutes, charters and ordinance and requires a municipality's legislative body or, in a municipality where the legislative body is the town meeting, the board of selectmen, to authorize the municipality's "budget-making authority" to adopt a budget for the July 1, 2020 - June 30, 2021 fiscal year and set a mill rate.
- Most importantly, the Order provides that budgets shall be adopted without holding votes required by charter or without complying with any in-person budget adoption requirements, including town meetings, referendum or special town meetings.
- The Order still requires the budget-making authority to comply with the public meeting requirements set forth in Executive Order 7B and take all reasonable steps to publicize the draft municipal budget and receive public comments, including publishing draft budgets on the municipal website and providing an email address or other means for the public to submit timely comments on the proposed budget.

Notwithstanding any contrary provision of the Connecticut General Statutes, including Title 7, or any special act, municipal charter or ordinance that conflicts with this order, the legislative body of a municipality or, in a municipality where the legislative body is a town meeting, the board of selectmen, shall authorize the budget-making authority within said municipality to adopt a budget for the July 1, 2020 - June 30, 2021 fiscal year and to set a mill rate sufficient, in addition to the other estimated yearly income of such town and in addition to such revenue surplus, if any, as may be appropriated, not only to pay the expenses of the municipality for said fiscal year, but also to absorb the revenue deficit of such town, if any, at the beginning of said fiscal

year without holding votes required by charter or without complying with any in-person budget adoption requirements, including but not limited to, annual town meetings requiring votes, referendum, and special town meetings. In so acting, the budget-making authority of the municipality shall comply with public meeting requirements consistent with requirements set forth in Executive Order 78 and shall thereby take all reasonable steps to publicize the draft municipal budget for said fiscal year and to receive public comment thereon, including but not limited to publishing draft budgets on the website and providing an email address or other means for the public to submit timely comments on the proposed budget. The Granby Board of Finance adopted the FY 2021 budget on April 13, 2020 in compliance with the governing executive orders and set the mill rate at 39.61, the same as last year.

- The unemployment rate for the Town of Granby was 6.6% as of June 30, 2020 (preliminary subject to revision due to Covid-19 effects), which is a 4.0% increase from a rate of 2.6% from a year ago. This compares favorably to the state's average unemployment rate of 10.2% and the national average rate of 11.2% (not seasonally adjusted).
- Inflationary trends in the region compare favorably to the national indices.

The FY 2020 - 21 budget incorporates several goals and objectives:

- Budget in a conservatively and fiscally responsible manner that will provide municipal service to our citizens.
- Explore alternative methods of providing services, including joint endeavors and shared services.
- Provide funding to meet the long-term capital needs of the Town and to fund the maintenance of its assets.
- Move away from capital lease borrowing and fund for purchases in the Capital Equipment/Improvement Fund.
- Develop a multi-year plan to increase the unassigned fund balance reserves to seventeen percent.
- Expand revenue sources available to the Town, including but not limited to the Grand List.

For FY 2020 - 2021, Granby's budget rose \$856,068 (1.83%) from \$46,766,273 to \$47,622,341 without generating a mill rate increase.

### Revenues

The local real estate, personal property, and motor vehicle tax levy on the grand list of October 1, 2019 rose \$620,290 to \$39,621,847. Intergovernmental grants from the state and federal government were set at \$6,872,966 which is \$259,695 more than last year's \$6,613,271. We budgeted a \$102,083 increase in local revenues and transfers from fiscal year 2020's \$581,445 to \$683,528. We budgeted use of general fund balance to offset further tax increases in the amount of \$444,000, down \$156,000 from the prior year.

### Expenditures

General government expenditures of \$11,738,716 (before capital expenditures and debt service) are \$420,284 over last year and represent 24.65% of the total budget. Major increases occurred in administration (\$320,885) which included fringe benefits increases of (\$248,599). The Board of Education's \$32,043,750 (up \$909,131 from last year) budget share amounted to 67.29% of the \$47,622,341 budget. There were no budgeted CNEF capital outlays, but \$2,372,440 of capital outlay came from the general fund operating budget for \$1,750,000, \$256,644 from Town Aid Roads grants, \$100,000 from LOCIP grants, \$50,000 from Communications fund, and \$215,796 from various other funds including \$120,550 from the Recreation fund.

The remainder of the budget is devoted to debt service (\$2,089,875 – 4.39%). Debt service, almost all of which is education related, decreased by \$687,480 reflecting decreased principal payments and interest expense as outstanding principal is amortized.

All of these factors were considered in preparing the Town of Granby's budget for the 2021 fiscal year.

At the close of the June 30, 2020 fiscal year, the total fund balance for the general fund was \$9,714,611. The Town has appropriated \$444,000 of this amount for spending in the 2021 fiscal year budget. The unassigned fund balance in the general fund was reported at \$8,927,497.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Granby's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or to the Administration Finance Officer, Town of Granby, 15 North Granby Road, Granby, CT 06035-2125.

**TOWN OF GRANBY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 15,088,368
Receivables, net	2,427,437
Capital assets not being depreciated	9,383,227
Capital assets being depreciated, net	56,139,353
Total assets	<u>83,038,385</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	776,953
Deferred outflows related to OPEB	2,851,744
Total deferred outflows of resources	<u>3,628,697</u>
Liabilities:	
Accounts and other payables	641,186
Accrued interest	144,329
Unearned revenue	1,393,089
Claims payable	445,000
Noncurrent liabilities:	
Due within one year	2,880,818
Due in more than one year	23,586,534
Total liabilities	<u>29,090,956</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	268,474
Advance property tax collections	27,526
Total deferred inflows of resources	<u>296,000</u>
Net Position:	
Net investment in capital assets	52,748,957
Restricted for:	
Debt service	150,595
Trust purposes:	
Nonexpendable	18,014
Unrestricted	<u>4,362,560</u>
Total Net Position	<u>\$ 57,280,126</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,691,492	\$ 1,143,409	\$ 42,841	\$ 128,787	\$ (3,376,455)
Public safety	3,093,027	233,500	6,430		(2,853,097)
Public works and environment	4,764,117	677,107	332,294		(3,754,716)
Recreation and social services	1,729,649	434,527	97,338		(1,197,784)
Education	42,599,278	1,530,919	15,028,894	1,593,875	(24,445,590)
Interest on long-term debt	444,061				(444,061)
Total	<u>\$ 57,321,624</u>	<u>\$ 4,019,462</u>	<u>\$ 15,507,797</u>	<u>\$ 1,722,662</u>	<u>(36,071,703)</u>
General revenues:					
Property taxes					39,951,952
Grants and contributions not restricted to specific programs					112,314
Unrestricted investment earnings					336,534
Miscellaneous					340,507
Total general revenues					<u>40,741,307</u>
Change in net position					4,669,604
Net Position at Beginning of Year					<u>52,610,522</u>
Net Position at End of Year					<u>\$ 57,280,126</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,792,402	\$	\$ 113,362	\$ 166,954	\$ 15,072,718
Receivables, net	521,428	118,113	1,116,780	121,199	1,877,520
Due from other funds	61,986	740,464		3,685,783	4,488,233
Total Assets	<u>\$ 15,375,816</u>	<u>\$ 858,577</u>	<u>\$ 1,230,142</u>	<u>\$ 3,973,936</u>	<u>\$ 21,438,471</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 388,548	\$ 38,445	\$	\$ 196,317	\$ 623,310
Due to other funds	4,844,183			61,986	4,906,169
Unearned revenue		87,800	1,116,780	188,509	1,393,089
Total liabilities	<u>5,232,731</u>	<u>126,245</u>	<u>1,116,780</u>	<u>446,812</u>	<u>6,922,568</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	400,948				400,948
Unavailable revenues - grants		118,113			118,113
Advance tax collections	27,526				27,526
Total deferred inflows of resources	<u>428,474</u>	<u>118,113</u>	<u>-</u>	<u>-</u>	<u>546,587</u>
Fund Balances:					
Nonspendable				18,014	18,014
Restricted			113,362	1,134,477	1,247,839
Committed	51,858	614,219		2,410,379	3,076,456
Assigned	735,256				735,256
Unassigned	8,927,497			(35,746)	8,891,751
Total fund balances	<u>9,714,611</u>	<u>614,219</u>	<u>113,362</u>	<u>3,527,124</u>	<u>13,969,316</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,375,816</u>	<u>\$ 858,577</u>	<u>\$ 1,230,142</u>	<u>\$ 3,973,936</u>	<u>\$ 21,438,471</u>

(Continued on next page)



**TOWN OF GRANBY, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2020**

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 13,969,316
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 124,304,224	
Less accumulated depreciation	<u>(58,781,644)</u>	
Net capital assets		65,522,580

Other long-term assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	289,229
Interest receivable on property taxes	111,719
Grant receivables greater than 60 days	118,113
Deferred outflows of resources related to pensions	776,953
Deferred outflows of resources related to OPEB	2,851,744

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

520,627

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

Net pension liability	(3,789,380)
Bonds and notes payable	(10,195,000)
Interest payable on bonds and notes	(144,329)
Compensated absences	(945,136)
Capital lease	(1,997,260)
Unamortized bond premium	(581,363)
Net OPEB liability	(8,959,213)
Deferred inflows of resources related to pensions	<u>(268,474)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 57,280,126</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 39,935,238	\$	\$	\$	\$ 39,935,238
Intergovernmental	11,317,826	216,497		1,862,487	13,396,810
Licenses, fees and charges for services	718,930			1,571,578	2,290,508
Investment income	289,164	10,564	57	13,875	313,660
Other revenues	442,621	51,806	23,200	275,676	793,303
Total revenues	<u>52,703,779</u>	<u>278,867</u>	<u>23,257</u>	<u>3,723,616</u>	<u>56,729,519</u>
Expenditures:					
Current:					
General government	4,237,630		2,280	5,500	4,245,410
Public safety	2,773,626			42,358	2,815,984
Public works and environmental	2,944,928			573,202	3,518,130
Recreation and social services	811,916			726,524	1,538,440
Education	34,574,784			2,298,055	36,872,839
Capital outlay		3,214,427			3,214,427
Debt service	2,767,355				2,767,355
Total expenditures	<u>48,110,239</u>	<u>3,214,427</u>	<u>2,280</u>	<u>3,645,639</u>	<u>54,972,585</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,593,540</u>	<u>(2,935,560)</u>	<u>20,977</u>	<u>77,977</u>	<u>1,756,934</u>
Other Financing Sources (Uses):					
Transfers in	18,567	1,905,990		128,730	2,053,287
Transfers out	(1,578,730)			(474,557)	(2,053,287)
Capital lease issuance	16,000	543,120		83,578	642,698
Total other financing sources (uses)	<u>(1,544,163)</u>	<u>2,449,110</u>	<u>-</u>	<u>(262,249)</u>	<u>642,698</u>
Net Change in Fund Balances	3,049,377	(486,450)	20,977	(184,272)	2,399,632
Fund Balances at Beginning of Year	<u>6,665,234</u>	<u>1,100,669</u>	<u>92,385</u>	<u>3,711,396</u>	<u>11,569,684</u>
Fund Balances at End of Year	<u>\$ 9,714,611</u>	<u>\$ 614,219</u>	<u>\$ 113,362</u>	<u>\$ 3,527,124</u>	<u>\$ 13,969,316</u>

(Continued on next page)

**TOWN OF GRANBY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 2,399,632
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,007,412
Depreciation expense	(3,025,273)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(15,792)
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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, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(5,838)
Property tax interest and lien revenue - accrual basis change	22,552
Grant receivable - accrual basis change	118,113
Change in deferred outflows amounts related to pensions	400,936
Change in deferred outflows amounts related to OPEB	1,954,180

The issuance of long-term debt (e.g., bonds, leases) 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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,285,000
Capital lease payments	758,760
Capital lease financing	(642,698)

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 the governmental funds:

Compensated absences	37,619
Accrued interest	52,506
Amortization of deferred charge on refunding	(4,566)
Amortization of bond premiums	48,021
OPEB liability	(2,174,587)
Pension liability	(957,543)
Change in deferred inflows amounts related to pensions	276,317

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

134,853
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>4,669,604</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020**

	<b>Governmental Activities Internal Service Fund</b>
Assets:	
Current:	
Cash and cash equivalents	\$ 15,650
Receivables	549,917
Due from other funds	<u>417,936</u>
Total assets	<u>983,503</u>
Liabilities:	
Current:	
Accounts and other payables	17,876
Risk management claims	<u>445,000</u>
Total liabilities	<u>462,876</u>
Net Position:	
Unrestricted	\$ <u><u>520,627</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Operating Revenues:	
Contributions	\$ 4,747,101
Employee contributions	1,421,166
Other	809,364
Total operating revenues	<u>6,977,631</u>
Operating Expenses:	
Health insurance claims	5,842,223
Contribution to OPEB Trust Fund	296,256
Administrative and management fees	727,173
Total operating expenses	<u>6,865,652</u>
Operating Loss	111,979
Nonoperating Revenue:	
Revenues from use of money	<u>22,874</u>
Change in Net Position	134,853
Net Position at Beginning of Year	<u>385,774</u>
Net Position at End of Year	<u>\$ 520,627</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<b><u>Governmental Activities Internal Service Fund</u></b>
Cash Flows from Operating Activities:	
Cash received from charges for services and contributions	\$ 6,646,801
Cash paid for claims, premiums and fees	<u>(6,801,408)</u>
Net cash provided by (used in) operating activities	(154,607)
Cash Flows from Investing Activities:	
Income on investments	<u>22,874</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(131,733)
Cash and Cash Equivalents at Beginning of Year	<u>147,383</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>15,650</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ <u>111,979</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in receivables	(549,917)
(Increase) decrease in due from other funds	219,087
Increase (decrease) in accounts payable	4,244
Increase (decrease) in risk management claims	<u>60,000</u>
Total adjustments	<u>(266,586)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(154,607)</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 223,004	\$ 360,772
Investments - mutual funds	20,834,311	
Accounts receivable	<u>5,598</u>	<u>103,894</u>
Total assets	21,062,913	<u><u>\$ 464,666</u></u>
<b>Liabilities:</b>		
Due to employees and others	<u>-</u>	<u><u>\$ 464,666</u></u>
<b>Net Position:</b>		
Restricted for pension benefits	18,752,909	
Restricted for OPEB benefits	<u>2,310,004</u>	
Total Net Position	<u><u>\$ 21,062,913</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 1,479,338
Employee	161,887
Total contributions	<u>1,641,225</u>
Investment income (loss):	
Net change in fair value of investments	725,261
Interest and dividends	420,658
Total investment gain (loss)	<u>1,145,919</u>
Less investment expenses:	
Investment management fees	36,412
Net investment income (loss)	<u>1,109,507</u>
Total additions	<u>2,750,732</u>
Deductions:	
Benefits	1,910,634
Administrative expenses	12,514
Total deductions	<u>1,923,148</u>
Change in Net Position	827,584
Net Position at Beginning of Year	<u>20,235,329</u>
Net Position at End of Year	<u>\$ 21,062,913</u>

The accompanying notes are an integral part of the financial statements



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Granby (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 policies of the Town are described below.

### **A. Reporting Entity**

The Town operates under a Charter as revised in November 2012. The form of government includes an elected Board of Selectmen, consisting of a First Selectman and four other members, an elected seven-member Board of Education, and an elected six-member Board of Finance.

Generally, the legislative power of the Town is vested with the Board of Selectmen. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Town Charter and Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval. The Town has the power to incur indebtedness by issuing bonds or notes as provided by Town Charter and Connecticut General Statutes.

### **B. Government-Wide and Fund Financial Statements**

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

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

### **C. 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 the proprietary 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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF GRANBY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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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. 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.

Property taxes, charges for services, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the Capital Projects Fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and interest income.

The Small Cities Fund accounts for federal grants to be used for the rehabilitation of private residential structures.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk management activities of the Town.

The Pension and Other Employee Benefit Trust Funds account for the activities of the Town's Pension Plan and the Town Post Employment Benefit plan, which accumulates resources for pension benefit payments and healthcare payments to qualified Town employees.

The Agency Funds are custodial in nature (assets equal liabilities) and so do not involve measurement of results of operation. The High School Activity, Middle School Activity, Kearns School Activity, Wells Road School Activity, Scholarship Fund, Contract Security Fund, and Flexible Spending Fund are the Town's agency funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 property taxes.

**TOWN OF GRANBY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for services. Operating expenses for the internal service fund include the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Deposits and Investments**

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Based upon the annual budget as adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Property taxes are levied in June on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property tax bills in excess of \$100 are payable in two installments, July 1 and January 1, and motor vehicle taxes are payable in one installment on July 1. Taxes become delinquent 30 days after the installment is due. Delinquent taxes are billed at least six times a year, with interest at the rate of 1.5% per month. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are normally lien-ed each year prior to June 30 with legal demands and alias warrants used in the collection of personal property and motor vehicle tax bills. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date through July 31 and are payable in one installment, which is due January 1.

Property tax revenues are recorded as receivable on the due date and are recognized as revenues to the extent collected during the fiscal year or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue in the fund financial statements. Property taxes receivable at June 30, 2020 is stated net of allowance for estimated uncollectible amounts of \$61,765.

The Town levies special assessments for the purpose of financing the construction of sanitary sewers. Such assessments are collectible in installments as provided by the Connecticut General Statutes. Assessment revenues are recognized when they are collected.

## **F. Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

<b>Assets</b>	<b>Years</b>
Buildings	40-50
Building improvements	15-25
Public domain infrastructure	30-60
Vehicles	3-15
Office equipment	5-10
Computer equipment	5-10

## **H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows of resources related to pension in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension resulted from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, in addition to advance tax collections, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

#### **I. Compensated Absences**

A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is valued using current salary costs, as well as any salary related payments that are directly and incrementally connected with leave payments to employees. Sick leave accruals are also based on current salary costs as well as salary-related payments. In the event of termination, employees are compensated for accumulated vacation and sick time, and the expenditure is recognized in the governmental fund financial statements, typically, the General Fund.

#### **J. Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

#### **K. Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

## **L. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

## **M. Fund Equity**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

### **Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

### **Restricted Net Position**

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

### **Unrestricted Net Position**

This component consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

### **Nonspendable Fund Balance**

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

### **Restricted Fund Balance**

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

### **Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance). Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

### **Assigned Fund Balance**

This represents amounts constrained for the intent to be used for a specific purpose by the Town Manager that has been delegated authority to assign amounts by the Town Charter.



**Unassigned Fund Balance**

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**N. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**O. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**P. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 2, 2020.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

For purposes of preparing the annual budget, the Town Manager compiles preliminary estimates of all departments and agencies, with the exception of the Board of Education, for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen's and Education budget estimates as it deems desirable, and then holds a public hearing and presents a proposed budget on the second Monday in April. A machine vote on the budget is taken on the fourth Monday in April. If the budget does not pass, a hearing shall be held on the succeeding Monday for informational purposes with a machine vote on the following Monday. The process shall continue in this manner until a budget is adopted. The Board of Finance may make revisions between machine votes. Summaries of the revisions are then made available to the public.

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Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen and certification on availability of the funds by the Town Manager. In this function, department budget accounts serve as the legal level of control. As a result of additional appropriations during fiscal year 2020, the original General Fund operating budget was increased by \$132,830.

Unencumbered appropriations lapse at the end of the fiscal year except for those in the capital projects and special revenue funds. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in either restricted, committed or assigned fund balance depending on the level of restriction and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Budgets for Special Revenue Funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period that does not coincide with the Town's fiscal year.

Legal authorization for Capital Projects is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until the purpose for which they are designated is completed.

Expenditures that will exceed the adopted budgets can be made only upon the authority of a supplemental appropriation or an approved budgetary transfer.

**B. Fund Deficits**

At June 30, 2020, the Town reported deficit fund balance for the following funds:

Nonmajor Governmental Funds:		
Dog	\$	374
Cafeteria		34,086
Emergency Management		1,286

The Town plans to address these deficits in subsequent years through future revenues and grants.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are



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limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

## **Deposits**

### **Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$13,709,541 of the Town's bank balance of \$14,718,974 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,238,586
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,470,955</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 13,709,541</u></u>

## **Cash Equivalents**

At June 30, 2020, the Town's cash equivalents amounted to \$2,245,906. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u><b>Standard &amp; Poor's</b></u>
State Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*
*Not Rated	

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**Investments**

As of June 30, 2020, the Town's investments of \$20,834,311 were comprised entirely of mutual funds.

**Interest Rate Risk**

The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

**Credit Risk - Investments**

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

**Concentration of Credit Risk**

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2020, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**Fair Value Disclosure**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2020:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ <u>20,834,311</u>	\$ <u>20,834,311</u>	\$ <u>-</u>	\$ <u>-</u>

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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**4. RECEIVABLES**

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 111,719	\$	\$	\$	\$ 111,719
Taxes	444,904				444,904
Intergovernmental		118,113		121,199	239,312
Loans			1,116,780		1,116,780
Other	26,570			659,409	685,979
Gross receivables	<u>583,193</u>	<u>118,113</u>	<u>1,116,780</u>	<u>780,608</u>	<u>2,598,694</u>
Less allowance for uncollectibles	<u>(61,765)</u>				<u>(61,765)</u>
Net Total Receivables	<u>\$ 521,428</u>	<u>\$ 118,113</u>	<u>\$ 1,116,780</u>	<u>\$ 780,608</u>	<u>\$ 2,536,929</u>

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 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	\$ 8,461,829	\$ 65,300	\$	\$ 8,527,129
Construction in progress	483,846	372,252		856,098
Total capital assets not being depreciated	<u>8,945,675</u>	<u>437,552</u>	<u>-</u>	<u>9,383,227</u>
Capital assets being depreciated:				
Buildings and improvements	69,874,253	1,809,973		71,684,226
Vehicles and equipment	9,146,838	759,887	(590,036)	9,316,689
Infrastructure	33,920,082			33,920,082
Total capital assets being depreciated	<u>112,941,173</u>	<u>2,569,860</u>	<u>(590,036)</u>	<u>114,920,997</u>
Less accumulated depreciation for:				
Buildings and improvements	(32,216,253)	(1,893,527)		(34,109,780)
Vehicles and equipment	(6,352,043)	(507,245)	574,244	(6,285,044)
Infrastructure	(17,762,319)	(624,501)		(18,386,820)
Total accumulated depreciation	<u>(56,330,615)</u>	<u>(3,025,273)</u>	<u>574,244</u>	<u>(58,781,644)</u>
Total capital assets being depreciated, net	<u>56,610,558</u>	<u>(455,413)</u>	<u>(15,792)</u>	<u>56,139,353</u>
Governmental Activities Capital Assets, Net	<u>\$ 65,556,233</u>	<u>\$ (17,861)</u>	<u>\$ (15,792)</u>	<u>\$ 65,522,580</u>

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

Governmental activities:	
General government	\$ 65,638
Public safety	90,706
Public works and environment	736,974
Recreation and social services	110,901
Education	<u>2,021,054</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,025,273</u>

**6. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2020 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 61,986
Capital Projects Fund	General Fund	740,464
Nonmajor Governmental Funds	General Fund	3,685,783
Internal Service Fund	General Fund	<u>417,936</u>
Total		<u>\$ 4,906,169</u>

The outstanding balances between funds result mainly from the timing between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
General Fund	\$	\$ 1,450,000	\$ 128,730	\$ 1,578,730
Nonmajor Governmental Funds	<u>18,567</u>	<u>455,990</u>		<u>474,557</u>
Total Transfers In	<u>\$ 18,567</u>	<u>\$ 1,905,990</u>	<u>\$ 128,730</u>	<u>\$ 2,053,287</u>

Transfers are used to move General Fund revenues to finance various capital projects in accordance with budgetary authorizations, as well as to transfer amounts provided as subsidies or matching funds for various grant programs.

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**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 12,480,000	\$	\$ 2,285,000	\$ 10,195,000	\$ 1,645,000
Issuance premium on bonds	629,384		48,021	581,363	
Total bonds payable	13,109,384	-	2,333,021	10,776,363	1,645,000
Capital leases	2,113,322	642,698	758,760	1,997,260	753,656
Compensated absences	982,755	420,534	458,153	945,136	482,162
Net OPEB liability	6,784,626	2,174,587		8,959,213	
Net pension liability	2,831,837	957,543		3,789,380	
Total Governmental Activities					
Long-Term Liabilities	\$ 25,821,924	\$ 4,195,362	\$ 3,549,934	\$ 26,467,352	\$ 2,880,818

For the governmental activities, compensated absences, net pension liability and net OPEB liability are generally liquidated by the General Fund.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding, their purpose and interest rate are as follows:

<u>Description</u>	
\$10,000,000 - General obligation bonds issued February 15, 2006 and maturing on February 15, 2026; interest rate from 3.8% to 5.0%	\$ 3,245,000
\$7,800,000 - General obligation bonds issued August 15, 2006 and maturing August 15, 2020; interest rate from 4.0% to 5.0%	600,000
\$8,700,000 - General obligation bonds issued February 13, 2013 and maturing February 1, 2033; interest rate from 2.0% to 4.0%	<u>6,350,000</u>
Total Bond Indebtedness	\$ <u>10,195,000</u>

**TOWN OF GRANBY, CONNECTICUT**  
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The following is a schedule of future debt service requirements as of June 30, 2020:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 1,645,000	\$ 384,875	\$ 2,029,875
2022	1,040,000	327,625	1,367,625
2023	1,040,000	285,625	1,325,625
2024	1,040,000	238,625	1,278,625
2025	1,040,000	195,375	1,235,375
2026-2030	2,980,000	491,100	3,471,100
2031-2033	<u>1,410,000</u>	<u>91,650</u>	<u>1,501,650</u>
Total	<u>\$ 10,195,000</u>	<u>\$ 2,014,875</u>	<u>\$ 12,209,875</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>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 86,524,457	\$ 4,556,450	\$ 81,968,007
Schools	173,048,913	5,638,550	167,410,363
Sewers	144,207,428		144,207,428
Urban renewal	124,979,771		124,979,771
Pension deficit	115,365,942		115,365,942

The definition of indebtedness includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. The Town has \$13,716,000 of general purpose, \$7,100,000 school bonds, and \$4,215,000 for solar paneling authorized and unissued bonds at June 30, 2020.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$269,187,198).

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**8. LEASES**

**Capital Leases**

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through December 1, 2024 and interest rates from 2.2% to 2.92%.

The Town has entered into capital lease agreements for the purchase of several vehicles and technology equipment.

	<u><b>Amount</b></u>
Assets:	
Vehicles and equipment	\$ 3,885,157
Less accumulated depreciation	<u>1,873,875</u>
Total	<u><u>\$ 2,011,282</u></u>

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2020 is as follows:

<u><b>Year Ending June 30,</b></u>	<u><b>Amount</b></u>
2021	\$ 802,817
2022	626,979
2023	393,662
2024	208,300
2025	<u>63,809</u>
Total	2,095,567
Less amount representing interest	<u>98,307</u>
Total	<u><u>\$ 1,997,260</u></u>

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**9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Small Cities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Trust purposes	\$	\$	\$	\$ 18,014	\$ 18,014
Restricted for:					
Debt service				150,595	150,595
Grants			113,362	983,882	1,097,244
Committed to:					
Revaluation	51,858				51,858
Capital projects		118,173			118,173
Capital equipment		156,871			156,871
Bridge program		35,935			35,935
Various capital improvements		240,904			240,904
Capital and nonrecurring expenditures		62,336			62,336
General government				277,437	277,437
Public safety				40,530	40,530
Public works				1,259,314	1,259,314
Culture and recreation				639,322	639,322
Education				193,776	193,776
Assigned to:					
Subsequent year's budget	444,000				444,000
General government - encumbrances	22,391				22,391
Public safety - encumbrances	1,600				1,600
Public works - encumbrances	59,677				59,677
Culture and recreation - encumbrances	6,475				6,475
Education - encumbrances	201,113				201,113
Unassigned	<u>8,927,497</u>			<u>(35,746)</u>	<u>8,891,751</u>
Total Fund Balances	\$ <u>9,714,611</u>	\$ <u>614,219</u>	\$ <u>113,362</u>	\$ <u>3,527,124</u>	\$ <u>13,969,316</u>

Encumbrances of \$291,256 are included in the general fund assigned category. Encumbrances of \$268,439 are included in the committed fund balance category for the capital projects fund.

**10. RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee insurance coverage. There has been no significant reduction in insurance coverage from the prior year for the categories risk insured commercially. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Town retains the risk associated with employee health insurance (medical claims plus prescription drugs) up to a maximum of \$150,000 per individual claim with an aggregate stop loss estimated at \$3,100,000. As of June 30, 2020, the Town has established a liability of \$445,000 to cover health insurance claims incurred but unreported. This claim liability is based on the requirements of GASB Statement No. 10, which requires that a liability claim be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.



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Changes in the claims liability were as follows:

		<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Liability June 30,</u>
2018-2019	\$	450,000	\$ 5,545,966	\$	5,610,966	\$	385,000
2019-2020		385,000	5,842,223		5,782,223		445,000

## **11. CONTINGENT LIABILITIES**

The Town is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the Town that would materially affect its financial position.

## **12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **A. Pension Trust Fund**

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

Management of the Plan rests with the Pension Committee, which consists of four members. The four members are the First Selectman, Board of Education Chairman, Town Manager and an individual appointed by the Board of Selectmen. The Pension Committee delegates the power to administer the Plan to the Town Manager.

### **Plan Description and Benefits Provided**

The Town provides retirement benefits through a single-employer, contributory, defined benefit plan. All employees of the Town hired prior to age 25 may elect to participate on their date of hire. Bargaining unit employees hired on or after October 1, 2000 may elect to participate after one year of continuous service. Under the plan, for regular certified officers of the police department, the retirement benefit is calculated at 2.5% of the average of the annual salaries, including overtime of the 5 calendar years with the highest average multiplied by up to 20 years of service plus 1.5% of the average of the annual salaries, including overtime, of the 5 calendar years with the highest average multiplied by in excess of 20 years maximum 10 years of service. For nonunion members other than regular certified officers of the police department, the retirement benefit is calculated at 2% of the average of the annual salaries of the last five years immediately prior to retirement multiplied by years of service. Effective June 1, 2000, for bargaining unit members the retirement benefit is calculated at 2% of the average of

**TOWN OF GRANBY, CONNECTICUT**  
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the annual salaries of any five years period producing the highest average prior to retirement multiplied by years of service. Participants are 100% vested after five years of service. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by Town ordinance and may be amended. The major features of the plan are as follows:

**Normal Retirement Age**

Age 62 with 35 years of continuous service (effective July 1, 1994, age 62 and 25 years for a certified police officer), rule of 80 (age plus years of service) or age 65 regardless of service.

**Credited Service**

All service from date of participation in the plan until Normal Retirement Date, including all full months of Continuous Service.

**Early Retirement**

May be elected with the consent of the Board of Selectmen or Education upon completion of at least 15 years of Continuous Service and age 55.

**Late Retirement**

With consent of Boards of Selectmen/Education. Benefit accrues until actual Retirement Date.

**Disability Retirement**

Available on total and permanent disability after 15 years of continuous service and age 50. Benefit is the same as for early retirement.

**Death**

Before retirement, refund of participant's contributions plus interest. After retirement, refund of excess, if any, of participant's accumulated contributions as of his or her retirement date over total of benefits paid.

At July 1, 2019, PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	54
Terminated employees entitled to benefits but not yet receiving them	15
Active employees	51
	<hr/>
Total	120

At July 1, 2019, there was 13 years remaining in the amortization period.

**Summary of Significant Accounting Policies**

**Basis of Accounting**

The PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS.

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**Method Used to Value Investments**

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. There are no investments in any organization, other than U.S. Government notes and bonds that represent 5% or more of net position available for benefits.

**Funding Status and Progress**

Certified police officers are required to contribute 6.0% of their salary, including overtime, educational incentive pay and longevity pay to the PERS. All other members contribute 5.0% of their gross salary, including overtime and any other form of additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance. Administrative costs are financed by the plan.

**Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is carried out by the Plan Administrator through advice from an investment advisor. The Plan Administrator meets with the investment advisor on a regular basis in order to review an investment strategy to reduce risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	20 %
U.S. Inflation-Indexed Bonds	15
U.S. Equities	40
Developed Foreign Equities	<u>25</u>
Total	<u><u>100 %</u></u>

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF GRANBY, CONNECTICUT**  
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**Net Pension Liability**

The components of the net pension liability of the Town at June 30, 2020 were as follows:

Total pension liability	\$	22,542,289
Plan fiduciary net position		<u>18,752,909</u>
Net Pension Liability	\$	<u><u>3,789,380</u></u>
Plan fiduciary net position as a percentage of the total pension liability		83.19%

**Actuarial Assumptions**

The total pension liability, measured at June 30, 2020, was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5%
Investment rate of return	6.75%
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection for non-disabled per Scale AA.

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
Core Fixed Income	2.28	%
U.S. Inflation-Indexed Bonds	1.27	
U.S. Equities	4.73	
Developed Foreign Equities	6.09	

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**Discount Rate**

The discount rate used to measure the total pension liability was 6.75% a decrease from 7.00% for the year ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension.

**Changes in Net Pension Liability**

	<b>Employees' Pension Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of July 1, 2019	\$ 21,134,024	\$ 18,302,187	\$ 2,831,837
Changes for the year:			
Service cost	471,336		471,336
Interest on total pension liability	1,467,469		1,467,469
Effect of economic/demographic gains or losses	250,254		250,254
Effect of assumptions changes or inputs	524,335		524,335
Benefit payments	(1,305,129)	(1,305,129)	-
Employer contributions		577,577	(577,577)
Member contributions		161,887	(161,887)
Net investment income		1,028,901	(1,028,901)
Administrative expenses		(12,514)	12,514
Net changes	1,408,265	450,722	957,543
Balances as of June 30, 2020	\$ 22,542,289	\$ 18,752,909	\$ 3,789,380

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Total Net Pension Liability	\$ 6,101,408	\$ 3,789,380	\$ 1,805,438

**TOWN OF GRANBY, CONNECTICUT  
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the Town recognized pension expense of \$847,781. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 192,257	\$ 233,670
Assumption changes or inputs	584,696	
Net difference between projected and actual earning on pension plan investments	<u>                    </u>	<u>34,804</u>
Total	<u>\$ 776,953</u>	<u>\$ 268,474</u>

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

**Year Ending June 30,**

2021	\$ (444)
2022	157,324
2023	305,129
2024	<u>46,470</u>
	<u>\$ 508,479</u>

**B. Connecticut Teachers Retirement System - Pension**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

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**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$4,422,470 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF GRANBY, CONNECTICUT**  
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**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>58,425,114</u>
Total	\$ <u>58,425,114</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$7,175,600 in Exhibit II.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.



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For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<b>Asset Class</b>	<b>Expected Return</b>		<b>Target Allocation</b>		<b>Standard Deviation</b>	
Public Equity - US Equity	8.10	%	20.00	%	17.00	%
Public Equity - International Developed Equity	8.50		11.00		19.00	
Public Equity - Emerging Markets Equity	10.40		9.00		24.00	
Fixed Income - Core Fixed Income	4.60		16.00		7.00	
Fixed Income - Inflation Linked Bonds	3.60		5.00		7.00	
Fixed Income - High Yield	6.50		6.00		11.00	
Fixed Income - Emerging Market Debt	5.20		5.00		11.00	
Private Equity	9.80		10.00		23.00	
Real Estate	7.00		10.00		15.00	
Alternative Investments - Real Assets	8.20		4.00		17.00	
Alternative Investments - Hedge Funds	5.40		3.00		7.00	
Liquidity Fund	2.90		1.00		1.00	
Total			100.00	%		

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

### **Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

## **13. OTHER POST EMPLOYMENT BENEFITS - RETIREE HEALTH CARE PLAN**

### **A. Town Postretirement Health Care Plan**

#### **Plan Description**

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The postretirement health care plan is a single-employer defined benefit plan administered by the Town. The Town does not issue stand-alone financial statements for this program.

Management of the program for Other Post Employment Benefits rests with the Employee Health Benefits Fund Advisory Committee, which consists of five members. The five members are the First Selectman, Board of Education Chairman, Town Manager, Supt. of Schools, and a town resident appointed by the Board of Selectmen. The Employee Health Benefits Fund Advisory Committee delegates the power to administer the program to the Town Manager.

At July 1, 2019, plan membership consisted of the following:

Active plan members	278
Retired members	<u>64</u>
Total Participants	<u><u>342</u></u>

#### **Funding Policy**

The Town's funding and payment of post-employment benefits for the year ended June 30, 2020 are accounted for in the Other Post Employment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

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**Investments**

**Investment Policy**

The Other Post Employment Benefits program policy in regard to the allocation of invested assets is carried out by the Town Manager through advice from an investment advisor. The Town Manager meets with the investment advisor in order to review an investment strategy to reduce risk through the prudent diversification of the portfolio across a selection of distinct asset classes. The program refrains from dramatically shifting asset class allocations over short time spans. The following was the administrator's asset allocation as of June 30, 2020.

<u><b>Asset Class</b></u>	<u><b>Target Allocation</b></u>
U.S. Core Fixed Income	50%
U.S. Large Caps	50%

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the Town**

The Town's net OPEB liability was measured as of June 30, 2020. The components of the net OPEB liability of the Town at June 30, 2020, were as follows:

Total OPEB liability	\$	11,269,217
Plan fiduciary net position		<u>2,310,004</u>
Net OPEB Liability	\$	<u><u>8,959,213</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		20.50%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Graded salary scale for BOE; 3.5% for others
Investment rate of return	6.00%, net of pension plan investment expense, including inflation
Healthcare cost trend rates	5.15% - 4.50% over 58 years

Mortality rates for Teachers and Administrators were based on RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80.

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Mortality rates for Police and Union were based on PubS-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

Mortality rates for all others were based on PubG-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

The actuarial assumptions used in the July 1, 2019 valuation were based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and the actuary's professional judgment regarding future plan experience. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Core Fixed Income	50 %	2.28 %
U.S. Large Caps	50	4.46
Total	100 %	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF GRANBY, CONNECTICUT**  
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**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of July 1, 2019	\$ 8,717,768	\$ 1,933,142	\$ 6,784,626
Changes for the year:			
Service cost	367,351		367,351
Interest on total OPEB liability	527,206		527,206
Effect of change in benefit terms	(13,411)		(13,411)
Effect of economic/demographic gains or loss	1,985,479		1,985,479
Effect of assumptions changes or inputs	290,329		290,329
Benefit payments	(605,505)	(605,505)	-
Employer contributions		901,761	(901,761)
Member contributions			-
Net investment income		80,606	(80,606)
Net changes	2,551,449	376,862	2,174,587
Balances as of June 30, 2020	\$ 11,269,217	\$ 2,310,004	\$ 8,959,213

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b>1% Decrease (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
Net OPEB Liability	\$ 10,145,391	\$ 8,959,213	\$ 7,939,215

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Town using current healthcare cost trend rates, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease (4.15% Decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (5.15% Decreasing to 4.50%)</b>	<b>1% Increase (6.15% Decreasing to 5.50%)</b>
Net OPEB Liability	\$ 7,697,279	\$ 8,959,213	\$ 10,457,449

**TOWN OF GRANBY, CONNECTICUT  
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**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,122,168. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,277,451	\$
Assumption changes or inputs	522,133	
Net difference between projected and actual earning on pension plan investments	<u>52,160</u>	<u>                    </u>
Total	<u>\$ 2,851,744</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ending June 30,**

2021	\$ 365,993
2022	365,995
2023	362,352
2024	359,224
2025	350,351
Thereafter	<u>1,047,829</u>
	<u>\$ 2,851,744</u>

**B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

## **Benefit Provisions**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

## **Survivor Health Care Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

## **Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

## **Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of Credited Service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

## **Normal Retirement**

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

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**Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

**Proratable Retirement**

Age 60 with 10 years of Credited Service.

**Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

**Termination of Employment**

Ten or more years of Credited Service.

**Contributions**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$120,870 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

*Employees/Retirees*

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.



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**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>9,111,727</u>
Total	\$ <u><u>9,111,727</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of (\$666,765) in Exhibit II.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

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**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**14. COMBINING TRUST FUNDS**

**A. Combining Balance Sheet**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 223,004	\$	\$ 223,004
Investments - mutual funds	18,524,307	2,310,004	20,834,311
Accounts receivable	5,598		5,598
Total assets	18,752,909	2,310,004	21,062,913
Net Position:			
Restricted for Pension Benefits and Other Post Employment Benefits	\$ 18,752,909	\$ 2,310,004	\$ 21,062,913

**TOWN OF GRANBY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**B. Combining Statement of Revenues, Expenditures and Changes in Net Position**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Additions:			
Contributions			
Employer	\$ 577,577	\$ 901,761	\$ 1,479,338
Employee	161,887		161,887
Total	<u>739,464</u>	<u>901,761</u>	<u>1,641,225</u>
Investment income:			
Net appreciation			
in fair value of investments	644,655	80,606	725,261
Interest and dividends	<u>420,658</u>		<u>420,658</u>
Total investment gain	1,065,313	80,606	1,145,919
Less investment expenses:			
Investment management fees	<u>36,412</u>		<u>36,412</u>
Net investment income	<u>1,028,901</u>	<u>80,606</u>	<u>1,109,507</u>
Total additions	<u>1,768,365</u>	<u>982,367</u>	<u>2,750,732</u>
Deductions:			
Benefits	1,305,129	605,505	1,910,634
Administrative expenses	<u>12,514</u>		<u>12,514</u>
Total deductions	<u>1,317,643</u>	<u>605,505</u>	<u>1,923,148</u>
Net Change	450,722	376,862	827,584
Net Position at Beginning of Year	<u>18,302,187</u>	<u>1,933,142</u>	<u>20,235,329</u>
Net Position at End of Year	<u>\$ 18,752,909</u>	<u>\$ 2,310,004</u>	<u>\$ 21,062,913</u>

**15. CORONAVIRUS (COVID-19)**

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.

**TOWN OF GRANBY, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Current year taxes	\$ 38,311,557	\$ 38,311,557	\$ 39,146,582	\$ 835,025
Prior year's taxes	230,000	230,000	199,557	(30,443)
Supplemental motor vehicle	300,000	300,000	454,037	154,037
Total	38,841,557	38,841,557	39,800,176	958,619
Interest and lien fees	130,000	130,000	135,062	5,062
Total property taxes	38,971,557	38,971,557	39,935,238	963,681
Intergovernmental revenues:				
Reimbursement of local tax disability exemption	1,000	1,000	1,327	327
Education Equalization Grant	5,137,260	5,137,260	5,311,554	174,294
Excess Grant - Special Education	487,666	487,666	411,142	(76,524)
State owned property	1,061	1,061	1,061	-
Veterans Exempt Grant	3,000	3,000	2,884	(116)
Telephone Grant	14,000	14,000	15,251	1,251
E911 PSAP Grant	45,000	45,000	45,416	416
Tuition other towns	884,284	884,284	939,476	55,192
Other	40,000	40,000	46,375	6,375
Total intergovernmental revenues	6,613,271	6,613,271	6,774,486	161,215
Investment income	40,000	40,000	288,356	248,356
Local revenues:				
Town Clerk fees	200,000	200,000	381,657	181,657
Planning and Zoning	5,000	5,000	13,730	8,730
Zoning Board of Appeals	1,000	1,000	970	(30)
Building permits and licenses	120,000	120,000	316,958	196,958
Inland wetlands	2,000	2,000	5,103	3,103
Sale of maps and ordinances	100	100	242	142
Driveway permits	300	300	270	(30)
Total local revenues	328,400	328,400	718,930	390,530

(Continued on next page)

**TOWN OF GRANBY, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other revenues:				
Snow plowing and grading	\$ 5,000	\$ 5,000	\$ 7,464	\$ 2,464
Photocopying	1,500	1,500	426	(1,074)
Rents	28,000	28,000	30,895	2,895
Contracted building inspection	10,100	10,100	10,100	-
Police dispatch services	30,050	30,050	30,500	450
Police photos and records	8,000	8,000	7,733	(267)
Library operations	14,000	14,000	7,073	(6,927)
Miscellaneous	30,000	30,000	122,852	92,852
Returned checks fee	250	250	120	(130)
Pay for participation	54,615	54,615	27,925	(26,690)
Open farm day	3,000	3,000	100	(2,900)
Holcomb Farm & haying	10,000	10,000	21,130	11,130
Prior year unliquidated encumbrances			84,196	84,196
Total other revenues	<u>194,515</u>	<u>194,515</u>	<u>350,514</u>	<u>155,999</u>
Other financing sources:				
Transfers from other funds:				
Police	18,500	18,500	18,500	-
Cossitt Library	30	30	67	37
Total other financing sources	<u>18,530</u>	<u>18,530</u>	<u>18,567</u>	<u>37</u>
Total	<u>\$ 46,166,273</u>	<u>\$ 46,166,273</u>	48,086,091	<u>\$ 1,919,818</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement Pension System for Town teachers are not budgeted			4,422,470	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement OPEB System for Town teachers are not budgeted			120,870	
Cancellation of prior year encumbrances is recognized as budgetary revenue			(84,196)	
Revaluation Fund Revenues not budgeted			808	
Issuance of capital leases			16,000	
Other adjustments			<u>176,303</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 52,738,346</u>	

**TOWN OF GRANBY, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
General administration	\$ 397,697	\$ 414,016	\$ 408,518	\$ 5,498
Legal fees	19,000	19,000	9,052	9,948
Fringe benefits	2,507,216	2,507,216	2,472,880	34,336
Town Clerk operations	158,263	160,126	150,377	9,749
Probate	4,400	4,400	4,325	75
Contingency	183,525	212,197	196,593	15,604
Election services	43,880	43,880	29,294	14,586
Boards and commissions	64,903	64,903	57,499	7,404
Revenue collections	128,113	129,976	125,729	4,247
Property assessments	187,358	190,718	185,695	5,023
Fiscal management	340,809	340,809	297,475	43,334
Insurance	347,390	347,390	306,584	40,806
Total general government	4,382,554	4,434,631	4,244,021	190,610
Public safety:				
Building inspection	157,104	160,398	157,964	2,434
Fire prevention	350,534	353,433	339,169	14,264
Emergency management	800	800	-	800
Health services	153,760	153,760	153,758	2
Police department administration	346,412	346,412	339,267	7,145
Police operations and services	1,812,539	1,846,108	1,785,068	61,040
Total public safety	2,821,149	2,860,911	2,775,226	85,685
Public works and environment:				
Public Works administration	194,384	198,366	196,668	1,698
General maintenance	1,371,401	1,390,324	1,331,742	58,582
Solid waste and recycling	848,174	849,100	821,385	27,715
Planning and engineering services	31,400	31,400	26,620	4,780
Building maintenance and Town grounds	680,647	685,244	628,190	57,054
Total public works and environment	3,126,006	3,154,434	3,004,605	149,829
Recreation and social services:				
Library	550,023	557,327	516,750	40,577
Social services	212,952	216,118	205,330	10,788
Recreation administration	94,018	96,111	95,111	1,000
Community support	3,000	3,000	1,200	1,800
Total recreation and social services	859,993	872,556	818,391	54,165
Debt service	2,777,355	2,777,355	2,767,355	10,000
Education	31,134,619	31,134,619	30,232,557	902,062
Total budgeted expenditures	45,101,676	45,234,506	43,842,155	1,392,351

(Continued on next page)

## TOWN OF GRANBY, CONNECTICUT

## GENERAL FUND

## SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

## FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other financing uses:				
Transfers out:				
Capital equipment	\$ 1,535,867	\$ 1,535,867	\$ 1,450,000	\$ 85,867
Senior activity	39,230	39,230	39,230	-
Emergency management	6,000	6,000	6,000	-
Dog fund	7,500	7,500	7,500	-
Youth service fund	76,000	76,000	76,000	-
Total other financing uses	<u>1,664,597</u>	<u>1,664,597</u>	<u>1,578,730</u>	<u>85,867</u>
Total Budgeted Operations	<u>\$ 46,766,273</u>	<u>\$ 46,899,103</u>	45,420,885	<u>\$ 1,478,218</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement Pension System for Town teachers are not budgeted			4,422,470	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement OPEB System for Town teachers are not budgeted			120,870	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(291,256)	
Net lease proceeds			<u>16,000</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 49,688,969</u>	

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**PENSION TRUST FUND**  
**LAST SEVEN FISCAL YEARS \***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 471,336	\$ 439,590	\$ 422,365	\$ 405,744	\$ 434,343	\$ 404,587	\$ 330,806
Interest	1,467,469	1,463,841	1,430,800	1,383,802	1,331,406	1,278,028	1,213,513
Differences between expected and actual experience	250,254	(371,752)	(112,857)	27,407	(76,130)	124,206	128,096
Changes of assumptions	524,335	118,519	241,263	236,519	147,140		
Benefit payments, including refunds of member contributions	(1,305,129)	(1,222,399)	(1,156,074)	(1,042,283)	(1,011,654)	(862,760)	(827,874)
Net change in total pension liability	1,408,265	427,799	825,497	1,011,189	825,105	944,061	844,541
Total pension liability - beginning	21,134,024	20,706,225	19,880,728	18,869,539	18,044,434	17,100,373	16,255,832
Total pension liability - ending	<u>22,542,289</u>	<u>21,134,024</u>	<u>20,706,225</u>	<u>19,880,728</u>	<u>18,869,539</u>	<u>18,044,434</u>	<u>17,100,373</u>
Plan fiduciary net position:							
Contributions - employer	577,577	557,206	517,850	487,591	470,130	456,702	448,025
Contributions - member	161,887	159,272	158,979	161,662	173,639	167,897	156,889
Net investment income (loss)	1,028,901	902,546	1,723,847	2,189,923	(296,148)	246,040	2,506,894
Benefit payments, including refunds of member contributions	(1,305,129)	(1,222,399)	(1,156,074)	(1,042,283)	(1,011,654)	(862,760)	(827,874)
Administrative expense	(12,514)	(12,180)	(12,122)				(1,966)
Net change in plan fiduciary net position	450,722	384,445	1,232,480	1,796,893	(664,033)	7,879	2,281,968
Plan fiduciary net position - beginning	18,302,187	17,917,742	16,685,262	14,888,369	15,552,402	15,544,523	13,262,555
Plan fiduciary net position - ending	<u>18,752,909</u>	<u>18,302,187</u>	<u>17,917,742</u>	<u>16,685,262</u>	<u>14,888,369</u>	<u>15,552,402</u>	<u>15,544,523</u>
Net Pension Liability - Ending	<u>\$ 3,789,380</u>	<u>\$ 2,831,837</u>	<u>\$ 2,788,483</u>	<u>\$ 3,195,466</u>	<u>\$ 3,981,170</u>	<u>\$ 2,492,032</u>	<u>\$ 1,555,850</u>
Plan fiduciary net position as a percentage of the total pension liability	83.19%	86.60%	86.53%	83.93%	78.90%	86.19%	90.90%
Covered payroll	\$ 3,878,163	\$ 3,687,470	\$ 3,687,470	\$ 3,778,774	\$ 4,086,754	\$ 3,913,965	\$ 3,311,245
Net pension liability as a percentage of covered payroll	97.71%	76.80%	75.62%	84.56%	97.42%	63.67%	46.99%

\*Note: This schedule is intended to be for ten years. Additional information will be added as it becomes available.



**TOWN OF GRANBY, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
PENSION TRUST FUND  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 577,577	\$ 557,206	\$ 517,850	\$ 487,591	\$ 470,130	\$ 456,702	\$ 448,025	\$ 361,909	\$ 359,226	\$ 286,664
Contributions in relation to the actuarial determined contribution	577,577	557,206	517,850	487,591	470,130	456,702	448,025	361,909	359,226	286,664
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,878,163	\$ 3,687,470	\$ 3,778,774	\$ 4,086,754	\$ 3,913,965	\$ 3,311,245	\$ 3,409,422	\$ 3,637,892	\$ 3,402,929	\$ 3,735,252
Contributions as a percentage of covered payroll	14.89%	15.11%	13.70%	11.93%	12.01%	13.79%	13.14%	9.95%	10.56%	7.67%

**Notes to Schedule**

Valuation Date: July 1, 2019  
Measurement Date: June 30, 2020  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary - closed
Remaining amortization period	13 years
Asset valuation method	5 years, non-asymptotic
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.750%
Retirement age	Age related rates
Mortality	RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection for non-disabled per Scale AA.

**TOWN OF GRANBY, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
PENSION TRUST FUND  
LAST SEVEN FISCAL YEARS\***

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	5.64%	5.05%	10.35%	14.69%	(1.9%)	1.57%	18.78%

\*Note: This schedule is intended to be for ten years. Additional information will be added as it becomes available.

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST SIX FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>58,425,114</u>	<u>45,049,157</u>	<u>47,535,197</u>	<u>50,149,997</u>	<u>38,644,363</u>	<u>35,718,969</u>
Total	<u>\$ 58,425,114</u>	<u>\$ 45,049,157</u>	<u>\$ 47,535,197</u>	<u>\$ 50,149,997</u>	<u>\$ 38,644,363</u>	<u>\$ 35,718,969</u>
Town's covered payroll	\$ 1,192,384	\$ 1,174,013	\$ 1,099,545	\$ 996,600	\$ 1,000,967	\$ 983,322
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	HB 7424 made the following provision changes: - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.
Changes of assumptions	HB 7424 made the following assumption changes: - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**OPEB PLAN**  
**LAST FOUR FISCAL YEARS\***  
**(In Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 367,351	\$ 286,688	\$ 260,128	\$ 236,276
Interest	527,206	509,886	500,235	482,944
Changes of benefit terms	(13,411)			
Differences between expected and actual experience	1,985,479		726,403	
Changes of assumptions	290,329		383,976	
Benefit payments	(605,505)	(572,118)	(518,279)	(474,546)
Net change in total OPEB liability	2,551,449	224,456	1,352,463	244,674
Total OPEB liability - beginning	8,717,768	8,493,312	7,140,849	6,896,175
Total OPEB liability - ending	<u>11,269,217</u>	<u>8,717,768</u>	<u>8,493,312</u>	<u>7,140,849</u>
Plan fiduciary net position:				
Contributions - employer	901,761	572,118	518,279	707,589
Net investment income	80,606	94,763	103,175	136,681
Benefit payments	(605,505)	(572,118)	(518,279)	(474,546)
Net change in plan fiduciary net position	376,862	94,763	103,175	369,724
Plan fiduciary net position - beginning	1,933,142	1,838,379	1,735,204	1,365,480
Plan fiduciary net position - ending	<u>2,310,004</u>	<u>1,933,142</u>	<u>1,838,379</u>	<u>1,735,204</u>
Net OPEB Liability - Ending	<u>\$ 8,959,213</u>	<u>\$ 6,784,626</u>	<u>\$ 6,654,933</u>	<u>\$ 5,405,645</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.50%	22.17%	21.65%	24.30%
Covered payroll	\$ 21,208,110	\$ 20,207,961	\$ 20,207,961	\$ 20,391,068
Net OPEB liability as a percentage of covered payroll	42.24%	33.57%	32.93%	26.51%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OPEB PLAN**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution (1)	\$ 727,143	\$ 693,256	\$ 610,945	\$ 568,962	\$ 551,457	\$ 526,242	\$ 524,000	\$ 500,000	\$ 686,000	\$ 651,000
Contributions in relation to the actuarially determined contribution	901,761	572,118	518,279	707,589	412,830	661,242	389,000	780,000	406,000	893,000
Contribution Deficiency (Excess)	<u>\$ (174,618)</u>	<u>\$ 121,138</u>	<u>\$ 92,666</u>	<u>\$ (138,627)</u>	<u>\$ 138,627</u>	<u>\$ (135,000)</u>	<u>\$ 135,000</u>	<u>\$ (280,000)</u>	<u>\$ 280,000</u>	<u>\$ (242,000)</u>
Covered payroll	\$ 21,208,110	\$ 20,207,961	\$ 20,207,961	\$ 20,391,068	\$ 19,763,521	\$ 19,763,521	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	4.25%	2.83%	2.56%	3.47%	2.09%	3.35%	N/A	N/A	N/A	N/A

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

**Notes to Schedule**

Valuation date: July 1, 2019

Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	5 years, non-asymptotic
Inflation	2.75%
Healthcare cost trend rates	5.15% - 4.50% over 58 years
Salary increases	Graded salary scale for BOE; 3.5% for others
Discount rate	6.00%
Retirement age	Varies based on age, eligibility for pension benefits, and gender
Healthy Mortality	Teachers and Administrators: RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. Police and Town Union: PubS-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement. All Others: PubG-2010 Mortality Table with generational projection per MP-2014 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.
Disabled Mortality	Teachers and Administrators: RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

**TOWN OF GRANBY, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
OPEB PLAN  
LAST FOUR FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	4.12%	5.09%	5.95%	10.01%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST THREE FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	9,111,727	9,005,624	12,235,018
Total	<u>\$ 9,111,727</u>	<u>\$ 9,005,624</u>	<u>\$ 12,235,018</u>
Town's covered payroll	\$ 1,192,384	\$ 1,174,013	\$ 1,099,545
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

**Notes to Schedule**

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## **APPENDIX B**

### **FORM OF LEGAL OPINION OF BOND COUNSEL SERIES A BONDS**

March \_\_, 2021

Town of Granby  
15 North Granby Road  
Granby, CT 06035

Re: Town of Granby, Connecticut  
\$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021, Series A  
Dated March \_\_, 2021

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Granby, Connecticut (the "Town") in connection with the issuance by the Town of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021, Series A dated March \_\_, 2021 (the "Bonds"). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated March \_\_, 2021 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligation bonds of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall be excluded from gross income for federal income tax purposes retroactive to the date of issuance of the



Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

The Bonds have been designated to be and are qualified tax-exempt obligations of the Town under Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated February \_\_, 2021 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

**FORM OF LEGAL OPINION OF BOND COUNSEL**  
**SERIES B BONDS**

March \_\_, 2021

Town of Granby  
15 North Granby Road  
Granby, CT 06035

Re: Town of Granby, Connecticut  
\$ \_\_\_\_\_ General Obligation Refunding Bonds (Federally Taxable), Issue of  
2021, Series B  
Dated March \_\_, 2021

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Granby, Connecticut (the "Town") in connection with the issuance by the Town of its \$ \_\_\_\_\_ General Obligation Refunding Bonds (Federally Taxable), Issue of 2021, Series B, dated March \_\_, 2021 (the "Bonds"). In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, and such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We are of the opinion that, under existing law, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated February \_\_, 2021 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is excluded from gross income for state income tax purposes, state income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE AGREEMENTS

#### **In Connection With The Issuance and Sale of \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021, Series A**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of March \_\_, 2021, by the Town of Granby, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2021, Series A dated March \_\_, 2021 (the “Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated February \_\_, 2021, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

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

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

#### **Section 2. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2021):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

(A) the amounts of the gross and net taxable grand list;

(B) the percentage and amount of the annual property tax levy collected and uncollected;

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

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3.      Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4.      Event Notices.**

**(a)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;
- (v)** adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the security;
- (vi)** tender offers;
- (vii)** bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)** Bond defeasances; and
- (ix)** rating changes; and
- (x)** default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\*Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**(b)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)** non-payment related defaults;
- (ii)** modifications to rights of Bond holders;
- (iii)** bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\*Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications,

or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Granby, 15 North Granby Road, Granby, CT 06035, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF GRANBY, CONNECTICUT**

By: \_\_\_\_\_  
John D. Ward  
Town Manager



**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

**In Connection With The Issuance and Sale of  
\$\_\_\_\_\_ General Obligation Refunding Bonds (Federally Taxable), Issue of 2021, Series B**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of March \_\_, 2021, by the Town of Granby, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$\_\_\_\_\_ General Obligation Refunding Bonds (Federally Taxable), Issue of 2021, Series B dated March \_\_, 2021 (the “Bonds”).

**Section 1.     Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated February \_\_, 2021, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

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

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

**Section 2.     Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2021):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted

accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

- (ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

(A) the amounts of the gross and net taxable grand list;

(B) the percentage and amount of the annual property tax levy collected and uncollected;

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

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligations.

- (b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

- (c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3.      Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4.      Event Notices.**

**(a)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;
- (v)** adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the security;
- (vi)** tender offers;
- (vii)** bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)** Bond defeasances; and
- (ix)** rating changes; and
- (x)** default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation\* of the Town, any of which reflect financial difficulties.

\*Note: For the purposes of the events identified in paragraph (x), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**(b)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)** non-payment related defaults;

- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a Financial Obligation\* of the Town or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation\* of the Town, any of which affect bondholders.

\*Note: For the purposes of the events identified in paragraph (vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Granby, 15 North Granby Road, Granby, CT 06035, Attn: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF GRANBY, CONNECTICUT**

By: \_\_\_\_\_  
John D. Ward  
Town Manager