

PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2016

NEW MONEY ISSUE: Book-Entry-Only

RATING: Standard & Poor's: "AA"

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



Town of Beacon Falls, Connecticut
\$4,350,000
General Obligation Bonds, Issue of 2016

Dated: Date of Delivery

Due: July 15, 2017 - 2036,
As shown below:

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

Interest on the Bonds will be payable on January 15, 2017 and semiannually thereafter on July 15 and January 15 in each year until maturity. The Bonds are issuable only as fully-registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

The Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

Year	Principal	Coupon	Yield	CUSIP¹	Year	Principal	Coupon	Yield	CUSIP¹
2017	\$ 320,000	—%	—%	073581	2027	\$ 250,000	—%	—%	073581
2018	310,000	—%	—%	073581	2028	250,000	—%	—%	073581
2019	310,000	—%	—%	073581	2029	250,000	—%	—%	073581
2020	310,000	—%	—%	073581	2030	250,000	—%	—%	073581
2021	300,000	—%	—%	073581	2031	250,000	—%	—%	073581
2022	260,000	—%	—%	073581	2032	50,000	—%	—%	073581
2023	260,000	—%	—%	073581	2033	50,000	—%	—%	073581
2024	260,000	—%	—%	073581	2034	50,000	—%	—%	073581
2025	260,000	—%	—%	073581	2035	50,000	—%	—%	073581
2026	260,000	—%	—%	073581	2036	50,000	—%	—%	073581

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Thursday, July 21, 2016, at the Office of the Finance Manager, Town Hall, 10 Maple Avenue, Beacon Falls, Connecticut 06403.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about July 28, 2016.

Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.



No dealer, broker, salesman or other person has been authorized by the Town of Beacon Falls, Connecticut (the “Town”) to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “2015 Financial Statements Excerpted from the Town’s Comprehensive Annual Financial Report” 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 is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Opinion of Bond Counsel and Tax Exemption" herein), and makes no representation that it has independently verified the same.

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Bond Issue Summary

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

Date of Sale:	Thursday, July 21, 2016 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the Finance Manager, Town Hall, 10 Maple Avenue, Beacon Falls, Connecticut 06032.
Issuer:	Town of Beacon Falls, Connecticut (the "Town").
Issue:	\$4,350,000 General Obligation Bonds, Issue of 2016 (the "Bonds").
Dated Date:	Date of Delivery
Principal and Interest Due:	Principal due serially July 15, 2017 through July 15, 2036. Interest due January 15 and July 15 in each year until maturity, commencing January 15, 2017.
Purpose:	The proceeds of the Bonds are being used to finance various capital projects.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.
Security:	The Bonds will be general obligations of the Town of Beacon Falls, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AA" from S&P Global Ratings ("S&P"), acting through Standard & Poor's Financial Services LLC.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See Appendix B - "Opinion of Bond Counsel and Tax Exemption".
Bank Qualification:	The Bonds <u>shall be</u> designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut.
Separate CUSIPS:	Separate CUSIP numbers for the Bonds is required. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 28, 2016. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Thomas Broesler, Finance Manager, Town of Beacon Falls, 10 Maple Avenue, Beacon Falls, CT 06403. Telephone (203) 729-4340.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Beacon Falls, Connecticut (the "Town"), in connection with the issuance and sale of \$4,350,000 General Obligation Bonds, Issue of 2016 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated July 8, 2016 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. 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. 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, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. 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.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds.

The presentation of information in this Official Statement 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 Town deems this Official Statement to be "final" for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut serves as Financial Advisor to the Town with respect to the issuance of the Bonds (the "Financial Advisor"). The information in this Official Statement has been prepared by the Town of Beacon Falls, with the help of the Financial Advisor. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will mature on July 15 in each of the years as set forth on the cover page hereof. The Bonds will be dated the date of delivery and bear interest at the rates per annum specified on the cover page, payable semiannually on January 15 and July 15 in each year until maturity, commencing January 15, 2017. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of June and December, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Redemption Provisions

The Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after July 15, 2023 at any time, either in whole or in part, in such amounts and in such order of maturity, (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
July 15, 2023 and thereafter	100%

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

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

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

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds. The legal opinion for the Bonds will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B “Opinion of Bond Counsel and Tax Exemption”.

Authorization and Purpose

Authorization: The Bonds are issued pursuant to Titles 7 and 10, as applicable, of the General Statutes of the State of Connecticut, as amended, the Charter of the Town of Beacon Falls, and bond resolutions approved by the Town Meeting, more particularly described below:

<i>Project</i>	<i>Amount Authorized</i>	<i>Notes Due: 7/28/2016</i>	<i>New Money</i>	<i>(Paydowns)</i>	<i>This Issue: The Bonds</i>
Wastewater Treatment Plant Impr.	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (35,000)	\$ 965,000
Road Program.....	2,100,000	2,100,000	-	-	2,100,000
Fire Engine & Pumper Quint.....	850,000	-	850,000	-	850,000
Boom Tractor and attachments.....	120,000	-	120,000	-	120,000
Public Works Truck.....	110,000	-	110,000	-	110,000
Police SUVs.....	130,000	-	130,000	-	130,000
Capital Projects Financing Costs.....	80,000	-	75,000	-	75,000
Total	\$ 4,390,000	\$ 3,100,000	\$ 1,285,000	\$ (35,000)	\$ 4,350,000

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996.

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

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Book-Entry-Only Transfer System

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on 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 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

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

Replacement Securities

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 Bond to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully-registered Bond certificates directly to the Beneficial Owner. 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.

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. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of the tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

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

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

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

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

Qualification for Financial Institutions

The 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.

Availability of Continuing Information

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

The Town of Beacon Falls prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody’s Investors Service ongoing disclosure in the form of the annual financial report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

Pursuant to the Rule, the Town has previously undertaken in continuing disclosure agreements entered into for the benefit of the holders of certain of its general obligation bonds and notes to provide certain annual financial information, operating data, and event notices. In the past five years the Town has not failed to comply in any material respect with its undertakings under such agreements, except for the failure to make timely filings on EMMA of information and operating data including the audit for its fiscal year ending June 30, 2013, and the failure to file an event notice with respect to such late filings. The June 30, 2013 operating data and audit have since been filed.

Rating

The Bonds have been rated “AA” from S&P Global Ratings (“S&P”), acting through Standard & Poor’s Financial Services LLC. The Town furnished 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 an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds.

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SECTION II – THE ISSUER

Description of the Town

Located in New Haven County, 14 miles north of New Haven and seven miles south of Waterbury, Beacon Falls was incorporated from Bethany, Oxford, Naugatuck and Seymour in 1871 and encompasses a geographic area of 9.8 square miles. The Town, with a 2010 population of 6,049, a 15.3% increase over the 2000 Census figure, is located in southeast Connecticut where it is bisected by the Naugatuck River. The area was formerly a Native American camping ground on which many relics such as arrowheads have been found and was first settled by colonists from Derby in 1678. The Town's principal industries include agriculture, warehouse storage and manufacture of plastic molding and small hardware.

Connecticut Route 8 intersects Beacon Falls on a north/south axis. Route 8 connects with Interstate 95 to the south and Interstate 84 to the north, placing major urban centers including Hartford, New York and Boston within easy reach. Air transport is available locally at the Oxford Regional Airport. International facilities are located in Windsor Locks, Connecticut and New York, New York. Beacon Falls is a member of Regional School District Number 16 and is an active participant in the Naugatuck Valley Council of Governments.

Beacon Falls is an attractive, residential community. It is located at the center of the Bridgeport, New Haven and Waterbury Labor Market areas. The current population of municipalities within 15 miles is over one million persons. With the addition of commuter rail service late in the fall of 1991 on the Waterbury branch of Metro-North Commuter Railroad's New Haven Line, Beacon Falls and its residents have easier access to employment in Fairfield County. Fifteen centers of higher education are located within 20 miles, including Yale University.

Economic Development

The Beacon Falls Plan of Development places high priority on improving Main Street and fostering overall economic development. These two topics are integrated since the Main Street area is also the prime commercial district of the Town. The Town received a number of grants over the years for economic development projects. Beacon Falls has historically been less developed than its surrounding neighbors due to a rolling and hilly terrain that has made development difficult and also tended to isolate the Town.

Past plans have called for industrial uses in the area accessed by Railroad Avenue between Route 8 and the Naugatuck River. A number of construction related businesses already operate in this area. In addition, the Town is also focusing on the development of a business park just north of Pines Bridge Road.

One potential change in the local industrial base could have a significant, positive impact on the town of Beacon Falls. Connecticut Energy and Technology has submitted a proposal to build a 63.3 Megawatt electricity generating plant on vacant land using direct fuel cell technology, which is classified as a Tier One "green" energy source in the state of Connecticut. The determination on possible award of their proposal is expected in July 2016, and if successful, this plant would be the largest of its type in the world. Construction could begin before the end of 2016 and is projected to take between two and three years. The town has negotiated a tax stabilization agreement with the developers that will generate \$49.7 million in revenue to Beacon Falls over the first 22.5 years of plant operations.

Description of Government

The Town of Beacon Falls operates under the Town Meeting form of government. The Town Meeting serves as the legislative body of the Town and approves the annual budget and bond/note authorizations. Budget preparation and spending proposals are the responsibility of an elected six-member Board of Finance. Administrative matters are handled by an elected three-member Board of Selectmen. The First Selectman serves as the chief executive officer of the Town and is an ex-officio member of all Town boards, commissions and committees. Along with Prospect, Beacon Falls is a member of Regional School District Number 16.

Principal Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection/Term</i>	<i>Years of Service</i>
First Selectman	Christopher Bielik	Elected/2 years	2 ½ years
Chairman, Board of Finance	Joseph Rodorigo	Elected/2 years	1 year
Town Treasurer	Wendy Rodorigo	Elected/2 years	6 months
Assessor	June Chadderton	Appointed/indefinite	17 years
Town Clerk	Leonard Greene, Sr.	Elected/4 years	4 years
Tax Collector	Maryann Holloway	Elected/2 years	2 ½ years
Finance Manager	Thomas G. Broesler, CPA	Appointed/indefinite	2 years

Summary of Municipal Services

Public Safety: The Beacon Falls Resident Trooper's Office is comprised of a resident trooper, one full-time ranking officer, three additional full-time officers, and ten part-time officers. The Department has an office staff of one.

The Resident Trooper program covers, but is not limited to, enforcing any and all Town ordinances and State statutes, patrolling the streets, businesses and public areas of the Town to include Pent Recreation Field and High Rock State Park (assisting the Department of Energy and Environmental Protection when necessary). The troopers respond to activated alarms at local residences and businesses and investigate any burglaries, larcenies, criminal mischief, and vandalism complaints. The Department's motor vehicle responsibilities encompass responding to and investigating motor vehicle accidents in Town and, when requested by Troop I, on Connecticut Route 8. In addition, the troopers run radar and provide traffic enforcement, including DUI checks, in an attempt to reduce the number of serious accidents, and they assist disabled motorists when necessary. The officers respond to and investigate all calls regarding assaults, batteries, and breach of peace including domestic violence complaints and child abuse allegations. The police respond to Fire Department and ambulance calls and provide emergency first aid, if necessary. They also respond to calls for animal control when the Animal Control Officer is not available.

Fire Protection: Beacon Hose Company No. 1 was founded in 1899 to provide fire, rescue, and emergency services to the Town of Beacon Falls. With approximately 80 volunteer members, the Department belongs to Region 2 (Hartford, New Haven, and Middlesex counties) of the Connecticut Fire Service State Wide Fire-Rescue Emergency Response Plan to offer mutual aid in the event of a disaster. The Department operates out of the main firehouse located at 35 North Main Street and maintains the following equipment: two engine trucks, one tanker truck, one brush truck, one rescue vehicle, two ambulances, one Gator 4-wheel all terrain vehicle, one EMS Fly Car, and one command vehicle along with protective gear, breathing apparatus, required emergency rescue/medical equipment, and corresponding supplies.

Public Works: The Department of Public Works/Street Department provides many services to the community. As expected, the Department provides various levels of road maintenance on all Town roads, bridges, parking lots, and sidewalks as well as de-icing activities in winter months. The Department is responsible for the maintenance of all storm water drainage pipes and structures and the maintenance of all sanitary sewer lines and structures. In addition, Public Works conducts tree trimming and removal, repair and replacement of all regulatory/warning signs and signals, and leaf pickup. The Transfer Station, which handles bulky waste disposal, falls under the Department's responsibility along with the general maintenance of all Town buildings and grounds including lawn mowing and brush clearance at Town facilities, parks, and athletic fields.

In addition, the Street Department employees work at the Park Department and the wastewater treatment plant, as needed.

Public Education: See "Educational System" herein.

Sewers: The Beacon Falls Water Treatment Plant operates under regulations promulgated by United States Environmental Protection Agency, the Connecticut Department of Energy and Environmental Protection, and local Town ordinances. The plant operates 24/7/365 under the direct supervision of three accredited and licensed personnel specializing in sewer treatment plant operations and maintenance. In addition to the plant, there are four pumping stations and approximately 23 miles of sanitary sewers and force mains.

The Town recently completed an upgrade of the Railroad Avenue pumping station at an estimated cost of \$750,000 to accommodate current and anticipated future flows (included in this issue). The plant currently has design flow for a capacity of 710,000 gallons per day. It currently treats between 600,000 to 700,000 gallons daily.

Emergency Medical Assistance: The Town maintains its own ambulance service housed in the Beacon Falls firehouse. The Beacon Hose Company #1 was formed in 1899 and operates two Type I ambulances and one First Response vehicle with two full time Emergency Medical Technicians employed by Beacon Hose Company #1 from Monday to Friday from 7:30 am to 4:00 pm, and on a volunteer basis for all other times, providing 24/7/365 coverage to the town. Dispatch to medical emergencies is accomplished by contract with the North West Public Safety Communications Center Public Safety Answering Point for Beacon Falls. The Town contributes operating funds to the ambulance service in the annual amount of \$46,700. Fundraisers and gift contributions also benefit the emergency medical services. All residents of the Town are eligible to call on the ambulance service, and its forty members are trained as EMTs and MRTs in order to provide the maximum in emergency medical care.

Library: The Beacon Falls Public Library celebrated its fiftieth year of serving the Town in 2007 with a variety of programs and activities for all ages. A very active Friends of Beacon Falls Library raises money for purchases that exceed the means of the Library's Town-appropriated budget, provides support and refreshments at library-sponsored programs, and purchases the library's many family passes to area attractions (museums, aquariums and zoos) that residents borrow free of charge. The library stocks adult fiction and nonfiction including new releases and bestsellers, children's fiction and nonfiction, downloadable e-books and audio books in a variety of formats, DVDs for adults and children, children's videos, audio books on CD, and a small collection of children's read-along books on tape. Adult programs covering a range of topics are offered regularly throughout the year. Children's activities consist of preschool story times, puppet shows, nature programs, movies, crafts, etc. A full schedule of summer activities are offered each year for the Town's youth. The library also serves as sponsor for the Naugatuck Valley Photo Club.

The Board and the Director undertook a long-range planning process in 2007 to formalize a comprehensive five-year plan for the library. The goal was to set general and specific goals to maintain or improve services and prepare for the future of the library within a new setting to meet the needs of the townspeople. In order to facilitate planning, seven areas were targeted: Customer Base, Collection, Facilities, Staffing, Programming, Technology, and Funding. Action plans and evaluations are ongoing to ensure that the library's overall mission to provide the residents of Beacon Falls an accessible and attractive central source of information, recreation, education, and cultural activities in an environment that responds to the changing needs of the community and evolving technological means of providing resources and services is accomplished.

Parks and Recreation: There are two large, attractive municipal parks within the Town. Matthies Park (for Town residents only) offers approximately 360 acres of hiking, fishing, nature trails, ice-skating, and picnic areas. Pent Road Recreation Facility contains active sports accommodations for baseball, tennis, basketball, and soccer along with a picnic pavilion. The Naugatuck State Forest, spanning both sides of the Naugatuck River Scenic Gorge, provides direct access to several thousand acres within the Town.

Health Services: The Naugatuck Valley Health District ("NVHD") provides essential public health services by monitoring the community to diagnose and investigate health problems and hazards in the community. The mission is to inform, educate, and empower people about health issues. The Health District enforces laws and regulations that protect health and ensure safety. NVHD links people to needed personal health services and assures the provision of health care when otherwise unavailable.

Under Community Health, the District offers Women with Infants and Children, Healthy Start, lead poisoning screening and prevention, asthma detection and treatment, immunization services in the schools, and infectious disease awareness for meningitis, West Nile virus, rabies, tuberculosis, and Lyme disease. Environmental Health responsibilities include lead inspections, housing code enforcement, radon testing, septic and sewage inspection, food service compliance, and testing of private wells and public pools. Code and regulation activities encompass barbershops, hairdressers, cosmetologists, body piercing, well water, tattoos, and daycare licensing.

Planning Department: The Town of Beacon Falls empowers various land use/planning commissions and specialized personnel to perform unique and separate duties regarding planning, zoning, and land use functions. The various groups and individuals are charged with advancing public health, safety, and environmental protection through effective code enforcement.

These agencies are governed by the Connecticut General Statutes, local zoning regulations, and the Connecticut State Building Code, as well as other compliance directives. Supporting commissions include the Zoning Board of Appeals, Conservation Commission, Economic Development Commission, Board of Assessors, and the Board of Assessment Appeals.

Supporting personnel include a part-time Building Inspector, a part-time Zoning Enforcement Officer, a part-time Inland Wetlands Enforcement Officer, a full-time Assessor, Town Engineer, and Town Land Use Attorney.

Solid Waste Disposal: The Town provides curbside solid waste and recyclables collections to residents. The Town entered into a long-term service contract (the “Service Contract”) with the Materials Innovation and Recycling Authority (“MIRA”) for the disposal of solid waste through the Mid-Connecticut System (the “System”). The Service Contract became effective November 16, 2012 and runs through 2027.

Each municipality signing a Service Contract, including the Town, has agreed to cause to be delivered to the Mid-Connecticut System all of the solid waste under the legal control of the municipality. MIRA is required to impose service payments at a uniform rate per ton for all municipalities, such that the aggregate of all such service payments received by MIRA shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. Under the Service Contract, the Town has no obligation for a minimum tonnage commitment; however it must commit to a “flow control” provision which requires that all solid waste and residential recyclables generated within its borders be directed to the MIRA facility. The base disposal fee effective July 1, 2016 through June 30, 2017, will be approximately \$66.00 per ton.

MIRA 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 collections, disposal and treatment of solid waste that does not meet the requirements of MIRA or that it refuses or is unable to accept under the Service Contract.

Prior to the start of each contract year MIRA estimates (i) the service payments to be paid by each municipality for such contract year and (ii) the annual budget for the System and submits such information to each municipality. Each municipality is then required to make all provisions necessary to pay the service payments on a timely basis. The service payments remain in effect for the contract year with differences between the aggregate of all such service payments and the net cost of operation for each contract year being settled in the following contract year. A municipality is obligated to make service payments only if MIRA accepts solid waste delivered by the municipality.

All municipalities, including the Town, pledge their full faith and credit for the payment of all service payments and any delayed-payment charges and costs and expenses of MIRA and its representatives in collecting overdue service payments. To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to MIRA of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

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

Refuse Collection: Beacon Falls currently employs an outside contractor (by bid award) who provides Town residents with weekly roadside trash collection and recycling services. The Department of Public Works/Street Department also operates a Transfer Station drop location for bulky waste disposal. The Transfer Station is generally open to the public on the last Saturday of each month.

Educational System

Beacon Falls, along with the Town of Prospect, are the member towns comprising Regional School District No. 16, which oversees the school system for all grades pre-K–12.

Regional School District No. 16 was organized on November 20, 1969 under provisions of the Connecticut General Statutes, Chapter 164, Section 10-45, after approval by the member towns of Prospect and Beacon Falls. The District operates five schools located in the member towns which serve pre-kindergarten through twelfth grade students.

The District's operating and debt service expenses are paid by the member towns in proportion to the number of pupils attending school from each town. Beacon Falls is liable for 39.236% of the Regional District's operating budget for fiscal year 2016–17. Payments are made to the District periodically throughout the fiscal year by the member towns. A member town may withdraw from the District pursuant to a vote of the legislative bodies of the respective towns and may apply to the regional board of education to institute procedures for the dissolution of the district as referred to in Connecticut General Statutes Section 10-63a through f. Such withdrawal or dissolution shall not impair the obligation of the withdrawing town or the district to holders of any bonds or other outstanding indebtedness issued prior to withdrawal or dissolution, per Connecticut General Statutes 10-63f.

Regional School District No. 16 is administered by an eight-person Board of Education comprising four individuals from each of the two member towns. The Board is charged with determining curriculum, setting school policy, and all personnel matters within its jurisdiction. The Board meets twice a month, alternating the location of the meeting between the two member towns.

School Enrollments

<i>Historical</i>							
School Year <i>As of 10/1</i>	Algonquin	Laurel Ledge	Prospect		Long River	Woodland	Total
	Pre-K - 3	Pre-K - 5	Elementary <i>Pre-K - 5</i>	Community <i>4 - 5</i>	6 - 8	9 - 12	
2008	449	473	-	247	631	816	2,616
2009	435	476	-	256	620	792	2,579
2010	475	477	-	229	623	842	2,646
2011	480	473	-	211	599	785	2,548
2012	478	476	-	208	580	740	2,482
2013	463	458	-	214	561	727	2,423
2014	426	422	-	216	560	714	2,338
2015	373	398	-	219	570	693	2,253
School Year	Projected						Total
2016	-	370	599	-	568	696	2,233
2017	-	365	617	-	540	685	2,207
2018	-	362	585	-	519	653	2,119

Source: Town of Beacon Falls, Board of Education

Note: Algonquin was demolished and Community is to be sold to a member town. These two schools were replaced by Prospect Elementary.

School Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2015 Enrollment	Rated Capacity
Prospect Elementary	Pre-K-5	2015	42	617	643
Laurel Ledge	Pre-K-5	1952 (1989, 2015)	26	380	510
Long River Middle	6-8	1969 (1996)	31	568	750
Woodland High School	9-12	2001	45	696	800
Total.....			144	2,261	2,703

Source: Town of Beacon Falls, Board of Education

Municipal Employees

	2015-16	2014-15	2013-14	2012-13	2011-12
General Government.....	58	59	59	59	60

Municipal Employees Bargaining Organizations

Organization	Positions Covered	Current Contract Expiration Date
Public Works – AFSCME, Council 4, No. 414	9	6/30/2018
Police – AFSCME, Council 4, No. 415	3	6/30/2018
Town Hall – AFSCME, Council 4, No. 423	14	6/30/2016 ¹
Total Organized	26	
Non Union	32	
Total Organized and Non-Union Employees.....	58	

Source: Town of Beacon Falls

¹ In negotiations.

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 municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the 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.

SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population Trends and Densities

Year	Actual Population ¹	% Increase	Density ²
2014 ³	6,038	(0.2%)	616.1
2010	6,049	15.3%	617.2
2000	5,246	3.1%	535.3
1990	5,086	27.3%	519.0
1980	3,995	12.7%	407.7
1970	3,546	22.9%	361.8
1960	2,886	--	294.5

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 9.8 square miles.

³ American Community Survey 2010-2014

Age Distribution of the Population

Age	Town of Beacon Falls		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	189	3.1%	197,395	5.5%
5 to 9 years	614	10.2	220,139	6.1
10 to 14 years	357	5.9	236,742	6.6
15 to 19 years	301	5.0	255,816	7.1
20 to 24 years	334	5.5	229,708	6.4
25 to 34 years	556	9.2	428,258	12.0
35 to 44 years	981	16.2	469,746	13.1
45 to 54 years	916	15.2	568,510	15.9
55 to 59 years	652	10.8	246,210	6.9
60 to 64 years	348	5.8	210,753	5.9
65 to 74 years	384	6.4	269,422	7.5
75 to 84 years	331	5.5	164,260	4.6
85 years and over	75	1.2	86,602	2.4
Total.....	6,038	100%	3,583,561	100%
Median Age (Years) 2014.....	41.7		40.2	
Median Age (Years) 2010..... ¹	41.5		40.0	

¹ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2010-2014

Comparative Income Measures

	Town of Beacon Falls	State of Connecticut
Per Capita Income, 2014.....	\$ 34,471	\$ 37,892
Per Capita Income, 2010.....	\$ 33,050	\$ 36,775
Median Family Income, 2014.....	\$ 100,588	\$ 87,245
Median Family Income, 2010	\$ 93,056	\$ 84,170

Source: American Community Survey 2010-2014

Income Distribution

Income	Town of Beacon Falls		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	31	2.1%	29,895	3.3%
10,000 - 14,999.....	17	1.1	19,176	2.1
15,000 - 24,999.....	30	2.0	47,319	5.2
25,000 - 34,999.....	114	7.6	56,997	6.3
35,000 - 49,999.....	140	9.3	86,025	9.5
50,000 - 74,999.....	137	9.1	143,989	15.9
75,000 - 99,999.....	268	17.9	131,874	14.6
100,000 - 149,999.....	510	34.0	187,718	20.8
150,000 - 199,999.....	189	12.6	90,602	10.0
200,000 and over.....	62	4.1	109,982	12.2
Total.....	1,498	100.0%	903,577	100.0%

Source: American Community Survey 2010-2014

Educational Attainment

Years of School Completed – Age 25 and Over

	Town of Beacon Falls		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	79	1.9%	109,133	4.5%
9th to 12th grade.....	176	4.1	155,272	6.4
High School graduate.....	1,476	34.8	678,370	27.8
Some college, no degree.....	913	21.5	431,469	17.7
Associate's degree	348	8.2	178,597	7.3
Bachelor's degree.....	816	19.2	498,124	20.4
Graduate or professional degree.....	435	10.3	392,796	16.1
Total.....	4,243	100.0%	2,443,761	100.0%
Total high school graduate or higher (%).....		94.0%		89.2%
Total bachelor's degree or higher (%).....		29.5%		36.5%

Source: American Community Survey 2010-2014

Labor Force Data

Period	Town of Beacon Falls		Percentage Unemployed		
	Employed	Unemployed	Town of Beacon Falls	Waterbury Labor Market	State of Connecticut
May 2016.....	3,239	161	4.7	6.5	5.4
Annual Average					
2015.....	3,264	176	5.1	7.1	5.6
2014.....	3,191	234	6.9	8.9	6.7
2013.....	3,120	236	7.0	10.3	7.9
2012.....	3,104	271	7.7	10.9	8.3
2011.....	3,139	290	8.3	11.5	8.8
2010.....	3,121	332	8.5	12.4	9.0
2009.....	3,081	296	8.6	11.1	8.2
2008.....	3,151	189	7.6	7.5	5.7
2007.....	3,167	140	5.5	5.7	4.6
2006.....	3,122	136	4.5	5.5	4.4

Source: State of Connecticut, Department of Labor.

**Major Employers
As of June 30, 2016**

Employer	Nature of Business	Number of Employees
Regional School District No. 16	Regional School District	222
Leaf Guard-Southern CT LLC.....	Manufacturer of Gutters	115
Di Giorgi Roofing & Siding Inc.....	Roofing & Siding	110
NEJ	Retail Clothing Distributor	75
Town of Beacon Falls	Municipality	58
Golden Rod Corporation	Manufacturing	45
O & G Industries	Masonry Products	25
Ansonia Steel Fabrication	Precision Steel Fabrication	20
Magna Steel Sales Inc.....	Steel Fabrication	15

Industry Classification

Sector	Town of Beacon Falls		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	-	0.0%	6,945	0.4%
Construction.....	205	6.5	99,444	5.7
Manufacturing.....	505	16.0	193,945	11.0
Wholesale trade.....	77	2.4	43,550	2.5
Retail trade.....	371	11.8	191,841	10.9
Transportation warehousing, and utilities....	151	4.8	65,630	3.7
Information.....	72	2.3	41,588	2.4
Finance, insurance, real estate, and leasing..	138	4.4	160,976	9.1
Professional, scientific, management, administrative, and waste management....	207	6.6	194,959	11.1
Education, health and social services.....	995	31.5	464,177	26.4
Arts, entertainment, recreation, accommodation and food services.....	157	5.0	148,097	8.4
Other services (except public admin.).....	112	3.6	81,443	4.6
Public Administration.....	164	5.2	66,817	3.8
Total Labor Force, Employed.....	3,154	100.0%	1,759,412	100.0%

Source: American Community Survey 2010-2014

**Commute to Work
16 years of age and over**

	Town of Beacon Falls		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	2,826	91.0%	1,359,050	78.7%
Car pools	155	5.0	144,497	8.4
Used public transportation	25	0.8	80,574	4.7
Walked	18	0.6	52,155	3.0
Used other means	16	0.5	19,955	1.2
Worked at home	64	2.1	71,055	4.1
Total	3,104	100.0%	1,727,286	100.0%
Mean travel to work (minutes)	26.0	—	24.8	

Source: American Community Survey 2010-2014

Number and Value of Building Permits

<i>Fiscal Year Ended 6/30</i>	<i>Number of Permits</i>	<i>Construction Value</i>
2016.....	132	\$ 4,477,793
2015.....	141	6,855,631
2014.....	157	9,382,270
2013.....	111	1,039,261
2012.....	283	2,110,191
2011.....	113	1,299,790
2010.....	96	2,692,334
2009	64	3,737,610
2008	64	5,298,332
2007	34	2,945,000

Age Distribution of Housing

<i>Year Built</i>	<i>Town of Beacon Falls</i>		<i>State of Connecticut</i>	
	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>
1939 or earlier.....	390	15.7%	336,587	22.6%
1940 to 1969.....	646	26.1	538,727	36.2
1970 to 1979.....	350	14.1	200,576	13.5
1980 to 1989.....	444	17.9	192,185	12.9
1990 to 1999.....	186	7.5	111,295	7.5
2000 or 2009.....	420	16.9	102,666	6.9
2010 or later.....	43	1.7	4,959	0.3
Total Housing Units, 2000.....	2,479	100.0%	1,486,995	100.0%

Source: American Community Survey 2010-2014

Housing Units by Type of Structure

<i>Housing Units</i>	<i>Town of Beacon Falls</i>		<i>State of Connecticut</i>	
	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>
1-unit, detached.....	1,570	63.3%	882,026	59.3%
1-unit, attached.....	224	9.0	80,070	5.4
2 units.....	98	4.0	119,386	8.0
3 or 4 units.....	271	10.9	132,699	8.9
5 to 9 units.....	-	-	80,615	5.4
10 to 19 units.....	33	1.3	54,993	3.7
20 or more units.....	91	3.7	124,355	8.4
Mobile home.....	192	7.7	12,427	0.8
Boat, RV, van, etc.....	-	-	424	0.0
Total Inventory.....	2,479	100.0%	1,486,995	100.0%

Source: American Community Survey 2010-2014

Housing Unit Vacancy Rates

Housing Units	Town of Beacon Falls		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units	2,291	92.4%	1,355,849	91.2%
Vacant housing units	188	7.6%	131,146	8.8%
Total units	2,479	100.0%	1,486,995	100.0%
Homeowner vacancy rate	—	0.9	—	1.6
Rental vacancy rate	—	8.4	—	7.1

Source: American Community Survey 2010-2014

Owner-Occupied Housing Units

Specified Owner-Occupied Units	Town of Beacon Falls		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	103	5.5%	20,800	2.4%
\$50,000 to \$99,000.....	49	2.6	24,638	2.8
\$100,000 to \$149,999.....	110	5.8	66,934	7.6
\$150,000 to \$199,000.....	319	16.9	135,714	15.5
\$200,000 to \$299,999.....	577	30.5	264,832	30.2
\$300,000 to \$499,999.....	614	32.5	250,076	28.5
\$500,000 or more.....	117	6.2	114,622	13.1
\$1,000,000 or more.....	-	-	41,872	4.8
Total	1,889	100.0%	877,616	100.0%
Median Value	\$266,600		\$278,900	

Source: American Community Survey 2010-2014

Number and Size of Households

Household Characteristics	Town of Beacon Falls		State of Connecticut	
	Number	Percent	Number	Percent
Persons in households	6,048	—	3,457,415	—
Persons per household (average)	2.64	—	2.55	—
Persons per family (average)	3.39	—	3.14	—
Family households	1,498	65.4%	903,577	66.6%
Non-family households	793	34.6%	452,272	33.4%
All households	2,291	100.0%	1,355,849	100.0%
Family households by type				
Married couple	1,275	85.1%	669,883	74.1%
Female householders, no spouse ...	159	10.6%	176,295	19.5%
Other	64	4.3%	57,399	6.4%
Total family households	1,498	100.0%	903,577	100.0%
Non-family households by type				
Householders living alone	738	93.1%	374,214	82.7%
Other	55	6.9%	78,058	17.3%
Total non-family households	793	100.0%	452,272	100.0%

Source: American Community Survey 2010-2014

Land Use Summary

Beacon Falls contains approximately 6,259 acres. While detailed land use information is not available, the Conservation Commission, based on review of Assessment Records, estimates that about 34 percent of the community (2,130 acres) is occupied for residential, commercial, or institutional use, and 35 percent (2,100 acres) is protected open space or water. Conversely, about 31 percent of land in Town (1,970 acres) is vacant or uncommitted to a specific use and may be capable of supporting additional development in the future.

After considering physical and environmental constraints on the vacant and underdeveloped, it is estimated that Beacon Falls could eventually contain as many as 3,400 total housing units if fully developed under existing zoning. Thus based on typical household sizes currently in place, Beacon Falls could eventually build out to roughly 9,000 people.

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SECTION IV – TAX BASE DATA

Tax Collection

Assessments

The Town of Beacon Falls completed a physical revaluation effective October 1, 2011. Under Section 12-62 of the Connecticut General Statutes, the Town must update all real estate values every five years, with a physical inspection every ten years. 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 properties in the Town, their ownership, and their assessed value as of October 1st in each year. 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 are computed at seventy (70%) percent of market value at the time of last revaluation. 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.

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 National Automobile Dealers Association and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

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

All commercial personal property (furniture, fixtures, equipment, machinery, computers, 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 eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted

gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 preceding the beginning of the fiscal year. Real estate tax bills are payable in two installments on July 1 and January 1. Real estate taxes of less than \$50 are due in full in July. Personal Property and motor vehicle taxes on the Grand List of October 1 are due in full on July 1; motor vehicle taxes on the supplement to the October 1 Grand List are due in full on January 1. A margin against delinquencies, legal reductions, and Grand List adjustments such as Assessor Certificates of Correction, is provided by adjusting the grand list when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed monthly with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State statutes, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lienied 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 deemed uncollectable are transferred to a suspense account after three years at which time they cease to be carried as receivables. Unpaid real estate accounts become uncollectable fifteen years after the due date in accordance with state statutes. Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

Taxable Grand List (\$ in thousands)

Grand List As Of 10/1	Residential Real Property (%)	Commercial and Industrial Real Property (%)	Other (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List (000's)	Exemptions, Veterans Relief and Disabled (000's)	Net Taxable Grand List (000's)	Percent Growth
2015	75.9	9.1	2.4	4.7	7.9	\$ 497,214	\$ 7,703	\$ 489,511	2.1%
2014	74.5	9.3	2.7	4.8	8.7	485,769	6,547	479,222	0.8%
2013	75.5	9.4	3.1	4.5	8.9	481,322	6,119	475,203	0.6%
2012	74.7	9.5	3.1	4.2	8.5	478,414	5,956	472,458	0.2%
2011 ¹	74.8	9.5	2.8	4.3	8.6	478,057	6,544	471,513	-12.8%
2010	78.2	7.8	2.8	3.9	7.3	547,947	7,472	540,475	1.6%
2009	78.1	5.7	4.9	3.9	7.4	540,007	8,185	531,822	1.5%
2008	77.9	7.9	3.1	3.9	7.2	533,029	9,178	523,851	2.2%
2007	77.5	11.0	0.1	3.8	7.6	524,404	11,616	512,788	-

Source: Town of Beacon Falls, Assessor's Office.

Major Taxpayers

Name of Taxpayer	Nature of Business	Taxable Assessed Value	Percent of Net Taxable Grand List¹
Two North Main, LLC	Real Estate	\$ 11,133,280	2.27%
Connecticut Light & Power	Electric Utility	9,493,680	1.94%
Murtha Enterprises, Inc.	Warehousing & Commercial Real Estate	3,417,510	0.70%
EG Home LLC	Real Estate Development	2,809,740	0.57%
United Rentals North America Inc	Equipment Rental	2,660,530	0.54%
Murtha Industrial Four, LLC	Warehousing & Commercial Real Estate	2,524,210	0.52%
Aquarion Water Co. of Connecticut ...	Water Utility	2,487,940	0.51%
SMSP - Connecticut, LLC	Manufacturer Drapery Hardware	2,346,400	0.48%
CRC Development, LLC	Industrial Real Estate	2,057,590	0.42%
Seymour Beacon Falls, LLC	Commercial Real Estate	1,985,520	0.41%
Total.....		\$ 40,916,400	8.36%

¹ Based on the Net Taxable Grand List of October 1, 2015 of \$489,511,000.

Source: Town of Beacon Falls, Assessor's Office.

Tax Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (000's)	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 5/1/2016
2014	2016	\$ 479,222	\$15,717,710		<i>In Collection</i>	
2013	2015	475,203	15,219,286	97.2	2.8	0.13%
2012 ¹	2014	472,458	14,984,636	97.4	2.6	0.10%
2011	2013	471,513	14,414,435	97.0	3.0	0.09%
2010	2012	540,475	13,962,723	96.6	3.4	0.08%
2009	2011	531,822	13,512,456	96.8	3.2	0.09%
2008	2010	523,851	12,619,510	96.6	3.4	0.08%
2007 ¹	2009	512,788	12,574,038	96.9	3.1	0.08%

¹ Revaluation.

Source: Town of Beacon Falls, Tax Collector

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SECTION V – DEBT SECTION

Debt Summary Pro Forma As of July 28, 2016

Outstanding Short-term Debt

The Town of Beacon Falls does not have any outstanding short-term debt.

Outstanding Bonded Debt

<i>Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Amount Outstanding</i> ¹	<i>Fiscal Year of Maturity</i>
2014	General Purpose.....	2.00-4.00	\$ 2,914,000	\$ 2,538,000	2033
2014	Sewers.....	2.00-4.00	2,950,000	2,597,000	2033
Total Outstanding Bonded Debt.....			\$ 5,864,000	\$ 5,135,000	
This Issue					
2016	General Purpose.....	<i>tbd</i>	\$ 3,385,000	\$ 3,385,000	2032
2016	Sewers.....	<i>tbd</i>	965,000	965,000	2037
Total This Issue.....			\$ 4,350,000	\$ 4,350,000	
Grand Total.....			\$10,214,000	\$ 9,485,000	

¹ Excludes bonds refunded or defeased.

Capital Leases

As of June 30, 2016 the Town has \$67,049 of outstanding capital leases.

Overlapping/Underlying Debt Pro Forma As of July 28, 2016

The jurisdictions with boundaries overlapping or underlying Town boundaries is based upon information received by the Town from sources specified below. This does not reflect authorized but unissued indebtedness of those jurisdictions. The Town has not assumed responsibility to verify the information below.

Overlapping Debt

The Town of Beacon Falls, along with the Town of Prospect, is a member of Regional School District Number 16 (the "District"). See "Educational System" herein. As of June 30, 2016, the District has \$22,275,000 in bonds outstanding and \$6,176,183 State school construction principal subsidy grants receivable. For the 2015–16 fiscal year, the Town of Beacon Falls' pro rata share of the District's outstanding net debt is 39.236%, or \$14,636,752.

Underlying Debt

The Town does not have any underlying debt.

**Bonded Debt Maturity Schedule
Pro Forma
As of July 28, 2016**

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	This Issue		Total Principal	Cumulative Principal Retired %
				General Purpose	Sewer		
2017	\$ 350,000	\$ 166,983	\$ 516,983	\$ -	\$ -	\$ 350,000	3.69%
2018	385,000	156,483	541,483	280,000	40,000	705,000	11.12%
2019	385,000	144,933	529,933	265,000	45,000	695,000	18.45%
2020	380,000	135,308	515,308	265,000	45,000	690,000	25.72%
2021	380,000	123,333	503,333	265,000	45,000	690,000	33.00%
2022	380,000	111,031	491,031	260,000	40,000	680,000	40.17%
2023	380,000	99,631	479,631	210,000	50,000	640,000	46.92%
2024	365,000	88,231	453,231	210,000	50,000	625,000	53.51%
2025	365,000	77,281	442,281	210,000	50,000	625,000	60.09%
2026	365,000	65,419	430,419	210,000	50,000	625,000	66.68%
2027	365,000	52,644	417,644	210,000	50,000	625,000	73.27%
2028	360,000	39,413	399,413	200,000	50,000	610,000	79.70%
2029	355,000	25,913	380,913	200,000	50,000	605,000	86.08%
2030	80,000	12,600	92,600	200,000	50,000	330,000	89.56%
2031	80,000	9,600	89,600	200,000	50,000	330,000	93.04%
2032	80,000	6,400	86,400	200,000	50,000	330,000	96.52%
2033	80,000	3,200	83,200	-	50,000	130,000	97.89%
2034	-	-	-	-	50,000	50,000	98.42%
2035	-	-	-	-	50,000	50,000	98.95%
2036	-	-	-	-	50,000	50,000	99.47%
2037	-	-	-	-	50,000	50,000	100.00%
Total.....	\$ 5,135,000	\$ 1,318,403	\$ 6,453,403	\$ 3,385,000	\$ 965,000	\$ 9,485,000	

**THE TOWN OF BEACON FALLS HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
DEBT OBLIGATIONS EITHER AS TO PRINCIPAL OR INTEREST**

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**Current Debt Statement
Pro Forma
As of July 28, 2016**

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 5,923,000
Schools.....	-
Sewers (Includes this issue).....	3,562,000
Total Long-Term Debt.....	9,485,000
Short-Term Debt	-
Direct Debt.....	9,485,000
Overlapping Debt (Share of RSD #16 Debt as of 6/30/16).....	14,636,752
Total Overall Debt.....	24,121,752
Less: School Construction Grants Receivable (As of June 30, 2016)	(2,459,536)
Total Overall Net Debt.....	\$ 21,662,216

**Current Debt Ratios
Pro Forma
As of July 28, 2016**

Population (2014) ¹	6,038
Net Taxable Grand List (10/1/15)	\$489,511,000
Estimated Full Value (70%).....	\$699,301,429
Equalized Grand List (10/1/13) ²	\$629,447,447
Money Income per Capita (2014) ¹	\$34,471

	Total Overall Debt	Total Overall Net Debt
Per Capita.....	\$3,994.99	\$3,587.65
Ratio to Net Taxable Grand List.....	4.93%	4.43%
Ratio to Estimated Full Value.....	3.45%	3.10%
Ratio to Equalized Grand List.....	3.83%	3.44%
Debt per Capita to Money Income per Capita (2014)....	11.59%	10.41%

¹ American Community Survey 2010-2014

² Office of Policy and Management, State of Connecticut.

**Comparison of Annual Debt Service
to General Fund Expenditures and Transfers Out**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures¹	Ratio of Total Debt Service To General Fund Expenditures
2016 (Est.)	\$ 556,981	\$ 21,639,960	2.57%
2015	565,640	21,782,914	2.60%
2014	228,748	19,648,272	1.16%
2013	377,993	19,405,023	1.95%
2012	347,663	19,117,075	1.82%
2011	330,655	18,212,556	1.82%
2010	411,029	18,104,117	2.27%

¹ Includes transfers out.

Source: Town of Beacon Falls Finance Department.

**Statement of Statutory Debt Limitation
Pro Forma
As of July 28, 2016**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2016 (unaudited).....	\$ 16,398,019
Reimbursement For Revenue Loss (Tax relief for elderly).....	53,352
Base for Debt Limitation Computation.....	\$ 16,451,371

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$37,015,585	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	74,031,170	-	-	-
3 3/4 times base.....	-	-	61,692,641	-	-
3 1/4 times base.....	-	-	-	53,466,956	-
3 times base.....	-	-	-	-	49,354,113
Total Debt Limitation.....	\$37,015,585	\$74,031,170	\$ 61,692,641	\$53,466,956	\$ 49,354,113
Indebtedness:					
Bonds Outstanding ¹	\$ 2,538,000	\$ -	\$ 2,597,000	\$ -	\$ -
Bonds – This Issue.....	3,385,000	-	965,000	-	-
Notes	-	-	-	-	-
Debt Authorized But Unissued.....	5,000	-	-	-	-
Total Net Indebtedness.....	5,928,000	-	3,562,000	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS...	\$31,087,585	\$74,031,170	\$ 58,130,641	\$53,466,956	\$ 49,354,113

¹ Includes Clean Water Fund Project Loan Obligation.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$115,159,597

**Authorized but Unissued Debt
Pro Forma
As of July 28, 2016**

Project	Amount Authorized	Previously Bonded / Grants	Notes Due 7/28/2016	New Money	(Paydowns)	This Issue: The Bonds	Authorized But Unissued Debt
Wastewater Treatment Plant Impr.	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ (35,000)	\$ 965,000	\$ -
Road Program.....	2,100,000	-	2,100,000	-	-	2,100,000	-
Fire Engine & Pumper Quint.....	850,000	-	-	850,000	-	850,000	-
Boom Tractor and attachments.....	120,000	-	-	120,000	-	120,000	-
Public Works Truck.....	110,000	-	-	110,000	-	110,000	-
Police SUVs.....	130,000	-	-	130,000	-	130,000	-
Capital Projects Financing Costs.....	80,000	-	-	75,000	-	75,000	5,000
Total.....	\$ 4,390,000	\$ -	\$ 3,100,000	\$ 1,285,000	\$ (35,000)	\$ 4,350,000	\$ 5,000

Authority to Incur Debt

The Town of Beacon Falls has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds and notes is authorized by the Town Meeting upon the recommendation of the Board of Finance and the Board of Selectmen. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

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 year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their 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 sewer 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 15 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 following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 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).

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SECTION VI – FINANCIAL ADMINISTRATION

Fiscal Year

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

Summary of Accounting Principles

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the general operating fund of the Town government. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. Proprietary Fund type revenues and expenses are recognized on the accrual basis of accounting whereby revenues and expenses are recognized when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – "Audited Financial Statements, Notes to Financial Statements" herein.).

Budget Adoption Procedure

The Board of Selectmen is responsible for preparing preliminary estimates for the Town budget. The Board of Finance presents the annual budget to the Annual Town Meeting, to approve all transfers of appropriations in budget accounts, to recommend all issues of notes or bonds, and to set the tax rate. The Town follows a procedure as outlined below:

In January each department head, officer, head of office, board and/or commission submits detailed estimates of expenditures for the ensuing fiscal year to the Board of Selectmen and Board of Finance.

The Board of Selectmen reviews all proposed estimates of expenditures as well as estimated revenues to be collected.

After discussing and reaching agreement, the Board of Selectmen forwards the proposed budget to the Board of Finance for review. The Board of Finance then prepares a proposed General Town Budget.

The Board of Finance holds a public hearing on the proposed budget prior to presenting it to the Annual Town Meeting in May. Following approval of the proposed budget at the Town meeting, the Board of Finance establishes the tax rate.

The Town Meeting legally appropriates this budget as one balance for revenue and on department basis for expenditures and transfers. The Board of Finance is authorized to approve additional appropriations up to and including \$20,000 per department per year, however, no more than one additional appropriation per department can be made without town meeting approval.

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Capital Improvement Plan

<i>Purpose</i>	<i>Fiscal 2016-17</i>	<i>Fiscal 2017-18</i>	<i>Fiscal 2018-19</i>	<i>Fiscal 2019-20</i>	<i>Fiscal 2020-21</i>	<i>Fiscal 2021-22</i>	<i>Total</i>
Peterbilt Plow & Sander Lease	\$ 21,000	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 42,000
Fire Hose Replacment Program	5,000	5,000	5,000	5,000	5,000	5,000	30,000
Power Lift Stretcher Lease #1	4,750	4,750	-	-	-	-	9,500
Power Lift Stretcher Lease #1	5,500	5,500	5,500	5,500	-	-	22,000
Beacon Hose Command Vehicle	14,000	14,000	14,000	14,000	-	-	56,000
Upgrade Fire Station Rest Rooms	28,000	-	-	-	-	-	28,000
4 Ice Rescue Suits	5,200	-	-	-	-	-	5,200
Fire Station 2 Rehab	12,000	-	-	-	-	-	12,000
Engine 3 Safety Upgrades	12,500	-	-	-	-	-	12,500
Replace 2 Computers in Library	16,000	-	-	-	-	-	16,000
Repair Basket Ball Court	10,600	-	-	-	-	-	10,600
Paint Town Hall	5,000	-	-	-	-	-	5,000
Scag Zero Turn 48" Mower	6,000	-	-	-	-	-	6,000
Scag Turf Tiger Mower	13,500	-	-	-	-	-	13,500
Fire Department Equipment Upgrades ...	-	15,000	16,000	17,500	18,000	19,000	85,500
Waste Water Treatment Upgrades	65,000	75,000	75,000	100,000	125,000	150,000	590,000
Ford F-550 W/Plow & Sander	-	25,000	25,000	25,000	25,000	-	100,000
Ford F-350 Pickup	-	-	12,500	12,500	12,500	12,500	50,000
Scag Hydro Walk Behind Mower	-	-	6,200	-	-	-	6,200
Dump Truck W/Plow & Sander	-	-	40,000	40,000	40,000	40,000	160,000
Total	\$ 224,050	\$ 165,250	\$ 199,200	\$ 219,500	\$ 225,500	\$ 226,500	\$ 1,260,000

<i>Funding</i>	<i>Fiscal 2016-17</i>	<i>Fiscal 2017-18</i>	<i>Fiscal 2018-19</i>	<i>Fiscal 2019-20</i>	<i>Fiscal 2020-21</i>	<i>Fiscal 2021-22</i>	<i>Total</i>
Tax Revenue	\$ 159,050	\$ 90,250	\$ 124,200	\$ 119,500	\$ 100,500	\$ 76,500	\$ 670,000
Sewer Waste Water Treatment Fund	65,000	75,000	75,000	100,000	125,000	150,000	590,000
Total Funding Sources.....	\$ 224,050	\$ 165,250	\$ 199,200	\$ 219,500	\$ 225,500	\$ 226,500	\$ 1,260,000

Annual Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 7-397), 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 State Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2015, the financial statements of the various funds of the Town were audited by MahoneySabol, Glastonbury, Connecticut. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Pension Plans

Union employees, police officers and other Town employees participate in the Connecticut Municipal Employees' Retirement System ("CMERS"). CMERS is a cost-sharing, multiple employer public employee retirement system established by the State of Connecticut, and administered by the State Retirement Commission to provide benefits for employees of participating municipalities. CMERS, considered to be part of the State's financial reporting entity, is included in the State's financial reports as a pension trust fund. CMERS issues a publicly available financial report which may be obtained by writing to the State of Connecticut Retirement Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Plan provisions are set by State Statute. CMERS provides retirement benefits, as well as death and disability benefits. Covered employees, hired after September 30, 1969 and not over age 55 when hired, who work at least 20 hours per week are eligible to participate. Employees hired before September 30, 1969 do not need to meet the 20 hours per week requirement to be eligible to participate. Benefits vest after 10 years of continuous service. Participants who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

Required employee plan contributions are 2.25% of earnings upon which Social Security tax is paid, plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute amounts necessary to finance the remaining costs of the plan. In addition to the monthly contribution, the Town is obligated to CMERS for the unfunded accrued liability of its participants that existed at the inception of Town participation in CMERS. The Town's obligation at July 28, 2016 is \$1,472,015 and is payable in annual installments that include interest through 2036, currently \$1,508,071.

The chart below shows the Town's contributions to CMERS.

<i>Fiscal Year</i>	<i>Town's Contribution</i>
6/30/2016 ¹	\$ 126,960
6/30/2015	182,357
6/30/2014	166,802
6/30/2013	165,193
6/30/2012	315,351

¹ Subject to audit.

Other Post-employment Benefits

The Town provides post-employment health care benefits for certain employees for current and future health insurance benefit expenses through a single-employer defined benefit plan. A triennial actuarial valuation will be made to determine the annual required contributions ("ARC"). The latest actuarial valuation was made July 1, 2013. As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The sum of the normal cost as of June 30, 2013 and the actuarial accrued liability for benefits as of the valuation date, resulted in an unfunded actuarial accrued liability of \$1,195,490 at June 30, 2013. The Town funding of post-employment benefits is on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post-employment benefits which would require the reporting of a trust fund in accordance with GASB guidelines.

The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Annual required contribution.....	\$ 88,286
Interest on net OPEB obligation.....	2,303
Adjustment to annual required contribution.....	<u>(3,265)</u>
Annual OPEB cost (Expense).....	87,324
Contributions made.....	<u>84,006</u>
Increase in net OPEB obligation.....	3,318
Net OPEB obligation, beginning of year.....	<u>57,584</u>
Net OPEB obligation, end of year.....	<u>\$ 60,902</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2012-16 is presented below.

<i>Fiscal Year Ending</i>	<i>Annual OPEB Cost</i>	<i>Percentage Contributed</i>	<i>Net OPEB Obligation</i>
6/30/2012	\$ 28,006	58.8%	\$ 33,614
6/30/2013	27,421	58.1%	45,113
6/30/2014	87,172	85.7%	57,584
6/30/2015	87,324	96.2%	60,902
6/30/2016	87,153	83.0%	72,304

Schedule of Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Over (Under) Funded AAL</i>	<i>Funded AAL Ratio</i>
<i>July 1</i>	<i>(a)</i>	<i>(b)</i>	<i>(a-b)</i>	<i>(a/b)</i>
2013	\$ -	\$ 1,195,490	\$ (1,195,490)	0.0%
2008	-	142,112	(142,112)	0.0%

See Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 5" herein.

Comparative Balance Sheet – General Fund

	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012	Actual 6/30/2011
Assets:					
Cash and cash equivalents.....	\$ 3,248,505	\$ 3,219,742	\$ 1,169,220	\$ 128,454	\$ 418,791
Receivables:					
Property taxes.....	1,454,853	1,151,675	1,154,421	1,061,320	946,123
Interest on property taxes.....	-	621,909	547,449	428,394	382,691
Assessments.....	1,189,487	1,387,573	1,478,700	1,616,782	1,698,359
Intergovernmental.....	47,994	139,694	51,954	102,761	45,710
Loans.....	24,157	24,157	24,157	24,157	24,157
Other.....	7,375	95,755	70,019	71,667	96,784
Due from other funds.....	30,375	230,047	1,040,750	1,049,257	592,093
Total Assets	\$ 6,002,746	\$ 6,870,552	\$ 5,536,670	\$ 4,482,792	\$ 4,204,708
Liabilities:					
Accounts and other payables.....	\$ 398,596	\$ 373,818	\$ 157,952	\$ 480,883	\$ 311,911
Accrued liabilities	59,001	60,968	61,309	7,258	6,204
Due to other funds.....	612,544	273,559	74,195	63,820	179,290
Deferred property taxes.....	-	1,637,535	1,663,545	1,426,277	1,169,050
Deferred sewer assessments.....	-	1,380,354	1,416,410	1,607,835	1,691,642
Unearned revenue.....	12,138	7,576	13,873	-	-
Deffered mortgage receivable.....	-	-	-	24,157	24,157
Total Liabilities	\$ 1,082,279	\$ 3,733,810	\$ 3,387,284	\$ 3,610,230	\$ 3,382,254
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes & Interest....	\$ 1,336,645	\$ -	\$ -	\$ -	\$ -
Unavailable Revenue - Assessments & Interest.....	1,189,487	-	-	-	-
Total Deferred Inflows of Resources	\$ 2,526,132	\$ -	\$ -	\$ -	\$ -
Fund Balances:					
Nonspendable.....	\$ 26,947	\$ 24,157	\$ 24,157	\$ -	\$ -
Committed.....	17,083	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	2,353,095	3,112,585	2,125,229	872,562	822,454
Total Fund Balances.....	\$ 2,397,125	\$ 3,136,742	\$ 2,149,386	\$ 872,562	\$ 822,454
Total Liabilities and Fund Balances.....	\$ 6,005,536	\$ 6,870,552	\$ 5,536,670	\$ 4,482,792	\$ 4,204,708
Operating revenues	20,924,327	20,537,046	19,728,537	19,057,733	17,832,315
Fund balance as percent of					
operating revenues	11.46%	15.27%	10.89%	4.58%	4.61%

General Fund Revenues and Expenditures

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2011 through 2015 have been derived from audited financial statements. The fiscal year 2015–16 budget has been provided by the Town. (Appendix A – “Audited Financial Statements” was taken from the Comprehensive Annual Financial Report of the Town of Beacon Falls for the fiscal year ended June 30, 2015).

	Adopted Budget 2016-17¹	Adopted Budget 2015-16¹	Actual 2014-15	Actual 2013-14	Actual 2012-13²	Actual 2011-12
Revenues:						
Property taxes	\$ 16,285,870	\$ 16,017,710	\$ 15,752,349	\$ 15,270,452	\$ 14,623,812	\$ 14,110,201
Intergovernmental	4,576,185	4,408,127	4,574,430	4,717,436	4,478,464	4,488,715
Charges for services	315,372	174,500	235,804	359,365	285,869	172,085
Other	425,000	594,000	351,827	188,762	325,558	276,389
Investment income.....	7,500	-	9,917	1,031	14,834	10,343
Total Revenues	\$ 21,609,927	\$ 21,194,337	\$ 20,924,327	\$ 20,537,046	\$ 19,728,537	\$ 19,057,733
Expenditures:						
Current:						
General government.....	\$ 2,351,158	\$ 2,236,007	\$ 2,101,770	\$ 2,075,706	\$ 2,101,438	\$ 1,898,916
Public works.....	1,752,404	1,744,280	1,676,702	1,675,380	1,709,383	740,815
Public safety, health, and welfare.....	1,309,360	1,241,098	1,191,921	1,198,318	1,254,249	1,212,950
Culture and recreation	149,350	143,950	284,330	284,058	284,216	295,092
Education.....	14,820,178	14,961,872	14,614,288	13,978,646	13,516,055	13,312,652
Sanitation.....	-	-	-	-	-	945,154
Contingency and other.....	259,933	257,049	-	3,680	-	-
Capital outlay	252,150	76,000	354,737	153,425	-	127,933
Debt service.....	556,981	534,081	613,546	228,748	377,993	347,663
Total Expenditures	\$ 21,451,514	\$ 21,194,337	\$ 20,837,294	\$ 19,597,961	\$ 19,243,334	\$ 18,881,175
Revenues over (under) expenditures	158,413	-	87,033	939,085	485,203	176,558
Other Financing Sources Uses:						
Bond issuance.....	\$ -	\$ -	\$ -	\$ 2,210,000	\$ -	\$ -
Bond premiums.....	-	-	-	188,496	4,153	-
Payments to escrow agent.....	-	-	-	(2,261,897)	-	-
Sale of capital assets.....	-	-	-	-	925,000	-
Capital lease proceeds.....	-	-	118,970	-	-	59,450
Debt issuance costs.....	-	-	-	(38,017)	-	-
Operating Transfers In	-	-	-	-	-	50,000
Operating Transfers (Out)	(158,413)	-	(945,620)	(50,311)	(161,689)	(235,900)
Total other Financing Sources (uses)	\$ (158,413)	\$ -	\$ (826,650)	\$ 48,271	\$ 767,464	\$ (126,450)
Revenues and other financing sources over (under) expenditures and other financing (uses)						
	\$ -	\$ -	\$ (739,617)	\$ 987,356	\$ 1,252,667	\$ 50,108
Fund Balance, July 1.....	\$ 2,397,125	\$ 2,397,125	\$ 3,136,742	\$ 2,149,386	\$ 872,562	\$ 822,454
Prior period adjustment	-	-	-	-	24,157	-
Fund Balance, June 30.....	\$ 2,397,125	\$ 2,397,125	\$ 2,397,125	\$ 3,136,742	\$ 2,149,386	\$ 872,562

¹ Budgetary basis.

² For fiscal year ended June 30, 2013, the Town applied for and received an extension from the State Office of Policy and Management for completing its audited financial statements March 14, 2014.

Intergovernmental Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2015	\$ 4,574,430	\$ 20,924,327	21.9%
2014	4,717,436	20,537,046	23.0%
2013	4,478,464	19,728,537	22.7%
2012	4,488,715	19,057,733	23.6%
2011	3,766,748	17,832,315	21.1%

Source: Annual Audited Financial Statements.

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

See “Tax Base Data” herein.

Investment Policy

The Town does not have an investment policy independent of the statutory guidelines. In accordance with Connecticut General Statutes, the Town's Board of Selectmen designates the qualified public depositories which the Treasurer may use for public deposits, including investments. Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes, Sections 7-400 - 7-402. The Town Treasurer invests the Town's operating and working capital funds accordingly.

In addition, the Town monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36a-330, for which it places deposits or makes investments.

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 1” herein for more information.

Risk Management

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The Town has obtained worker compensation insurance coverage as a member of Connecticut Interlocal Risk Management Agency (“CIRMA”), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Connecticut General Statutes. CIRMA is to be self-sustaining through members’ premiums.

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SECTION VII – ADDITIONAL INFORMATION

Litigation

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

Documents Furnished At Delivery

The original purchaser will be furnished the following documents when the Bonds are delivered:

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 on behalf of the Town, signed by the Selectmen, the Treasurer and the Finance Manager which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, 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 necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town of Beacon Falls has prepared an Official Statement for the Bonds which is dated July __, 2016. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder fifty (50) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the Town's financial advisor no later than seven business days of the bid opening. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, and may be examined upon reasonable request.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town of Beacon Falls, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

By /s/ _____
Christopher Bielik, *First Selectman*

By /s/ _____
Peter Betkoski, *Selectman*

By /s/ _____
Michael Krenesky, *Selectman*

By /s/ _____
Wendy A. Rodorigo, *Treasurer*

By /s/ _____
Thomas Broesler, *Finance Manager*

Dated as of July __, 2016

Appendix A

2015 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Beacon Falls, Connecticut for the fiscal year ended June 30, 2015. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Finance
Town of Beacon Falls, 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 Beacon Falls, Connecticut (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Change in Accounting Principle

As disclosed in Note N to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the schedules on the Town's pension and other post-employment benefit plans on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules on pages 49 through 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
January 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis – (Unaudited)
June 30, 2015

The management of the Town of Beacon Falls, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The beginning net position of the Town was decreased by \$599,609 due to the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB Statement No. 68 required the Town to recognize its proportionate share of the net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements (*See Note N*).
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,429,906 (net position). Of this amount, \$3,874,326 represents the Town's unrestricted net position, which may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$128,557 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,645,549, an increase of \$110,967 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$2,353,095 or 11.3% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.
- The Town's long-term bonded debt decreased by \$375,000 or 6.4% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows/inflows of resources and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 result in cash flows in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

Both of the government-wide financial statements are intended to distinguish functions of the Town 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 activities such as: general government, public works, public safety, culture and recreation, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town'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 maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bonded Projects Fund, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 46 through 48 of this report. Combining and individual fund statements and schedules can be found on pages 49 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

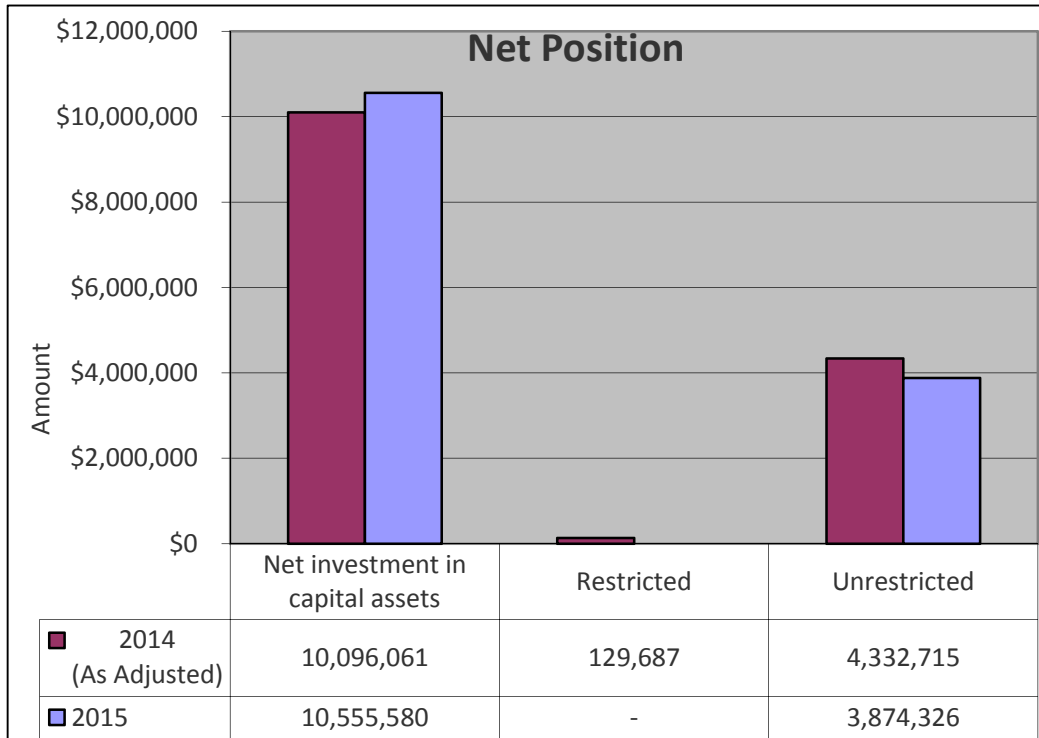
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$14,429,906 and \$14,558,463 (as adjusted) as of June 30, 2015 and 2014, respectively, and are summarized as follows. The Town has adjusted balances reported as of June 30, 2014 for the implementation of GASB Statement No. 68.

	2015	2014 (As Adjusted)
Current and other assets	\$ 7,851,884	\$ 8,013,305
Capital assets	16,287,552	16,418,193
Total assets	<u>24,139,436</u>	<u>24,431,498</u>
Deferred outflows of resources	<u>37,771</u>	<u>38,369</u>
Other liabilities	1,730,977	1,512,913
Long-term liabilities	<u>7,879,050</u>	<u>8,398,491</u>
Total liabilities	<u>9,610,027</u>	<u>9,911,404</u>
Deferred inflows of resources	<u>137,274</u>	<u>-</u>
Net position:		
Net investment in capital assets	10,555,580	10,096,061
Restricted	-	129,687
Unrestricted	<u>3,874,326</u>	<u>4,332,715</u>
Total net position	<u><u>\$ 14,429,906</u></u>	<u><u>\$ 14,558,463</u></u>

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



As of June 30, 2015, approximately 73.2% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

The remainder of the Town's net position is considered unrestricted.

Overall, net position decreased by \$128,557 in comparison with the prior year.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position

Changes in net position for the years ended June 30, 2015 and 2014 are as follows. The amounts presented for the year ended June 30, 2014 have not been restated for the implementation of GASB No. 68, since the effects of these adjustments were not readily determinable.

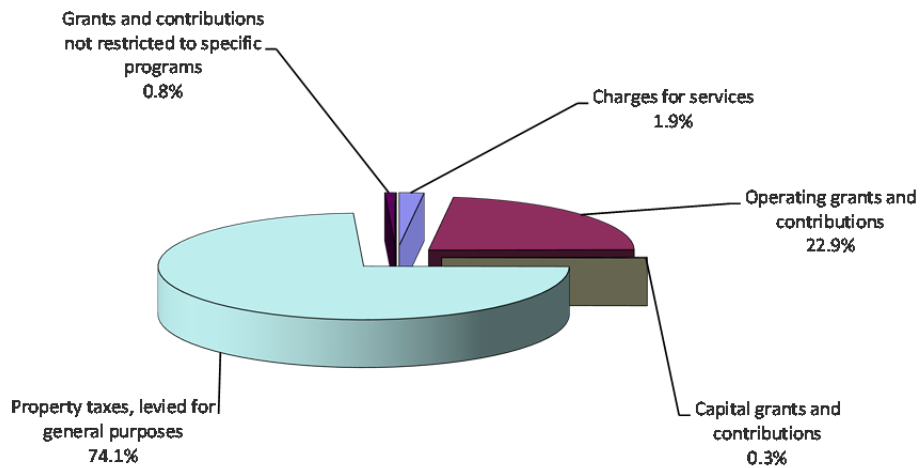
	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues:		
Charges for services	\$ 404,996	\$ 476,215
Operating grants and contributions	4,793,968	4,721,172
Capital grants and contributions	50,024	114,522
General revenues:		
Property taxes, levied for general purposes	15,474,918	15,339,093
Grants and contributions not restricted to specific programs	157,165	146,656
Unrestricted investment earnings	11,090	1,202
Total revenues	<u>20,892,161</u>	<u>20,798,860</u>
Expenses		
General government	2,248,301	2,302,270
Public works	2,367,771	2,360,101
Public safety	1,274,948	1,290,730
Culture and recreation	327,757	329,806
Education	14,614,288	13,978,646
Interest expense	187,653	136,850
Total expenses	<u>21,020,718</u>	<u>20,398,403</u>
Change in net position	<u>\$ (128,557)</u>	<u>\$ 400,457</u>

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

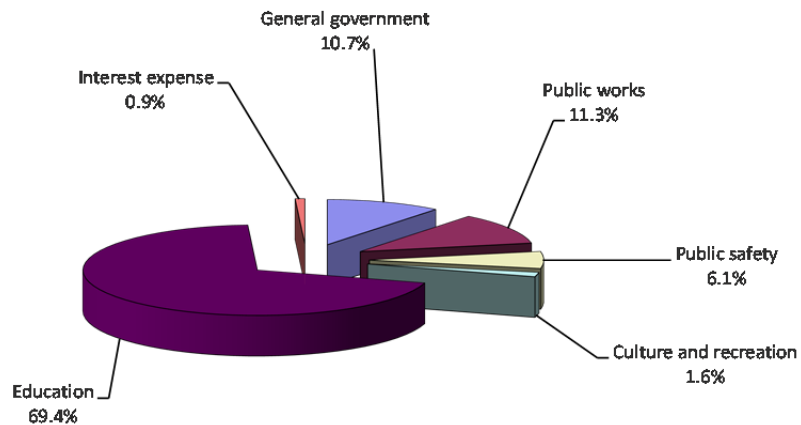
GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

**2015 Revenues by Source -
Governmental Activities**



**2015 Expenses by Function -
Governmental Activities**



TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town 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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town'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 a combined ending fund balance of \$3,645,549.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$2,397,125, of which \$2,353,095 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 11.3% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.

The fund balance of the Town's General Fund decreased by \$739,617 during the current fiscal year. The decrease was primarily due to transfers to other funds for future purposes.

Bonded Projects Fund

The fund deficit of the Bonded Projects Fund increased by \$267,885 during the current fiscal year, which resulted in a current fund deficit of \$281,517 as of June 30, 2015. This increase was primarily due to expenditures incurred for the Waste Water Treatment Project which is temporarily being funded through bond anticipation notes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$749,118 in the current fiscal year. Expenditures were \$87,110 less than budgeted. Total budgetary revenues were \$435,912 more than expected, primarily driven by better than expected tax collections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2015 and 2014 totaled \$16,287,552 and \$16,418,193, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$130,641. This decrease is attributed to depreciation expense of \$808,290 offset by current year capital asset additions of \$677,649.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

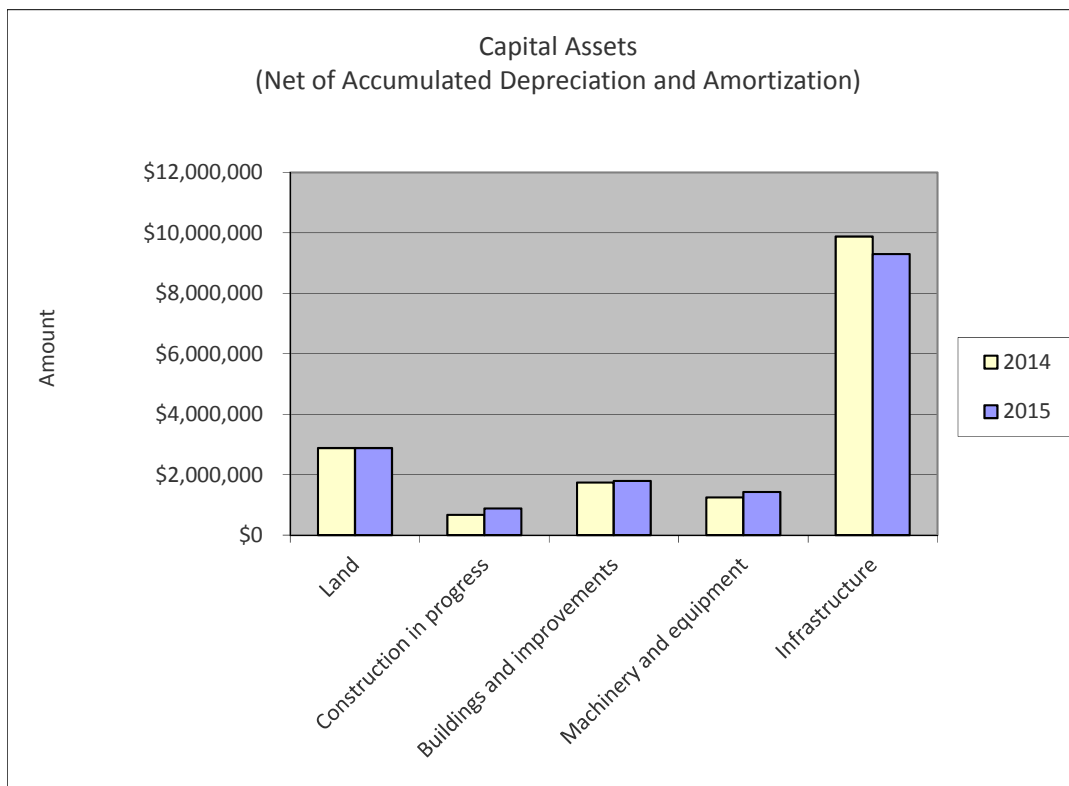
Capital Assets *(Continued)*

Major capital asset additions during the current year included the following:

- Outlays for various ongoing construction projects totaling \$358,039, including Sewer Plant upgrades, improvements to the fire department roof and Town roads;
- Outlays related to new equipment purchases in the amount of \$225,547 for a mini bus for the Senior Center, two truck bodies, a dump truck and a power load stretcher;
- Outlays for various other asset purchases totaling \$94,063, primarily for the purchase of police department radios, a waste oil furnace, a swing set, computer technology and a vehicle charging station.

The following table is a two year comparison of the investment in capital assets:

	2015	2014
Land	\$ 2,878,308	\$ 2,878,308
Construction in progress	881,764	672,996
Buildings and improvements	1,793,098	1,737,576
Machinery and equipment	1,431,145	1,252,967
Infrastructure	9,303,237	9,876,346
Totals	<u>\$ 16,287,552</u>	<u>\$ 16,418,193</u>



Additional information on the Town's capital assets can be found in Note D on of this report.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

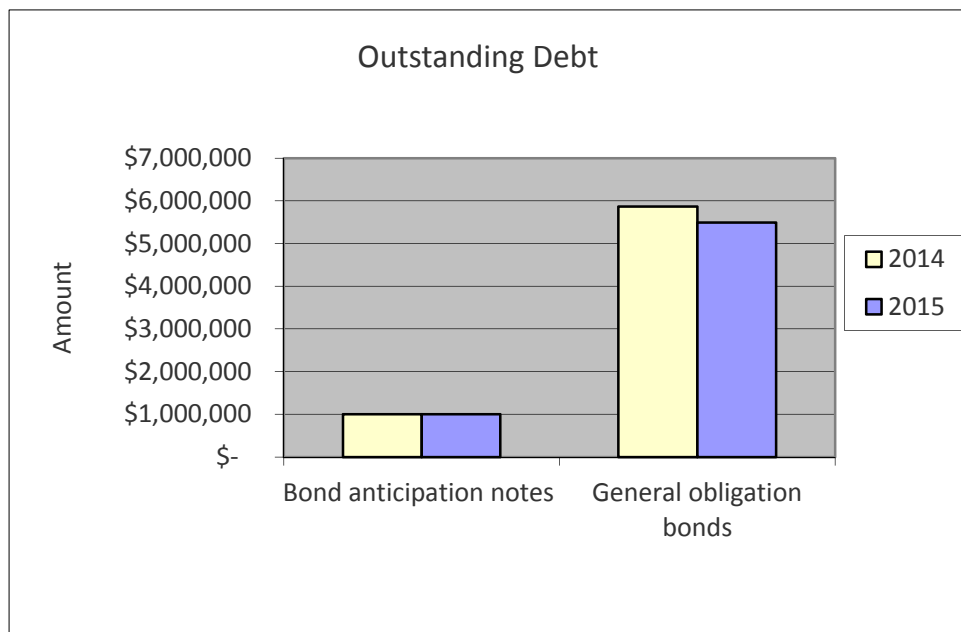
Short-term and Long-term Debt

At the end of the current fiscal year, the Town had total short-term and long-term bonded debt outstanding of \$6,490,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$375,000 or 6.4% during the current fiscal year.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of short-term and long-term principal debt outstanding:

	2015	2014
Bond anticipation notes	\$ 1,000,000	\$ 1,000,000
General obligation bonds	5,490,000	5,865,000
Totals	<u>\$ 6,490,000</u>	<u>\$ 6,865,000</u>



Additional information on the Town's short-term and long-term debt can be found in Note G and H of this report.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited (*Continued*)
June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 4.8% as of June 2015. This compares favorably to the state's average unemployment rate of 5.7% and the national unemployment rate of 5.3%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2016, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Office, Town of Beacon Falls, 10 Maple Avenue, Beacon Falls, Connecticut 06403.

BASIC FINANCIAL STATEMENTS

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,766,265
Receivables:	
Property taxes and interest, net	1,454,853
Assessments and interest, net	184,663
Intergovernmental	98,323
Other	10,165
Noncurrent assets:	
Receivables:	
Assessments	1,004,824
Loans	332,791
Capital assets:	
Non-depreciable	3,760,072
Depreciable, net	12,527,480
Total assets	<u>24,139,436</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred charge on refunding	<u>37,771</u>
LIABILITIES	
Accounts payable	595,430
Accrued liabilities:	
Salaries and benefits payable	59,001
Accrued interest	50,774
Unearned revenue	25,772
Bond anticipation note payable	1,000,000
Noncurrent liabilities:	
Due within one year	431,143
Due in more than one year	7,447,907
Total liabilities	<u>9,610,027</u>
DEFERRED INFLOW OF RESOURCES	
Deferred pension benefit	<u>137,274</u>
NET POSITION	
Net investment in capital assets	10,555,580
Unrestricted	3,874,326
Total net position	<u><u>\$ 14,429,906</u></u>

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

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,248,301	\$ 281,208	\$ 462,512	\$ -	\$ (1,504,581)
Public works	2,367,771	93,315	179,766	50,024	(2,044,666)
Public safety	1,274,948	4,275	6,983	-	(1,263,690)
Culture and recreation	327,757	26,198	15,768	-	(285,791)
Education	14,614,288	-	4,128,939	-	(10,485,349)
Interest expense	187,653	-	-	-	(187,653)
Total governmental activities	<u>21,020,718</u>	<u>404,996</u>	<u>4,793,968</u>	<u>50,024</u>	<u>(15,771,730)</u>
General revenues:					
Property taxes and assessments, levied for general purposes					15,474,918
Grants and contributions not restricted to specific programs					157,165
Unrestricted investment earnings					11,090
Total general revenues					<u>15,643,173</u>
Change in net position					(128,557)
Net position - beginning, as originally reported					15,158,072
Cumulative effect of implementing new accounting standard (See Note N)					(599,609)
Net position - beginning, as adjusted					<u>14,558,463</u>
Net position - ending					\$ 14,429,906

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

TOWN OF BEACON FALLS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,248,505	\$ 714,664	\$ 803,096	\$ 4,766,265
Receivables:				
Property taxes and interest, net of allowance for uncollectibles of \$318,000	1,454,853	-	-	1,454,853
Assessments and interest, net of allowance for uncollectibles of \$83,000	1,189,487	-	-	1,189,487
Intergovernmental	47,994	-	50,329	98,323
Loans	24,157	-	308,634	332,791
Other	7,375	-	-	7,375
Due from other funds	30,375	84,537	567,469	682,381
Inventories	2,790	-	-	2,790
Total assets	<u>\$ 6,005,536</u>	<u>\$ 799,201</u>	<u>\$ 1,729,528</u>	<u>\$ 8,534,265</u>
LIABILITIES				
Accounts payable	\$ 398,596	\$ 80,718	\$ 116,116	\$ 595,430
Salaries and benefits payable	59,001	-	-	59,001
Bond anticipation note payable	-	1,000,000	-	1,000,000
Due to other funds	612,544	-	69,837	682,381
Unearned revenue	12,138	-	13,634	25,772
Total liabilities	<u>1,082,279</u>	<u>1,080,718</u>	<u>199,587</u>	<u>2,362,584</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and interest	1,336,645	-	-	1,336,645
Unavailable revenue - assessments and interest	1,189,487	-	-	1,189,487
Total deferred inflows of resources	<u>2,526,132</u>	<u>-</u>	<u>-</u>	<u>2,526,132</u>
FUND BALANCES				
Nonspendable:				
Inventories	2,790	-	-	2,790
Loans receivable	24,157	-	307,833	331,990
Restricted for capital purposes	-	183,762	-	183,762
Committed	17,083	534,721	1,270,966	1,822,770
Unassigned	2,353,095	(1,000,000)	(48,858)	1,304,237
Total fund balances	<u>2,397,125</u>	<u>(281,517)</u>	<u>1,529,941</u>	<u>3,645,549</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,005,536</u>	<u>\$ 799,201</u>	<u>\$ 1,729,528</u>	<u>\$ 8,534,265</u>

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

TOWN OF BEACON FALLS, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance for governmental funds	\$ 3,645,549
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:	
Land	\$ 2,878,308
Construction in progress	881,764
Buildings and improvements	3,473,916
Machinery and equipment	5,564,948
Infrastructure	20,612,112
Less: accumulated depreciation and amortization	<u>(17,123,496)</u>
Total capital assets, net	16,287,552
Some of the Town's taxes, assessments, and interest receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	2,526,132
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.	
Accrued interest payable	(50,774)
Long-term debt:	
Bonds payable	(5,490,000)
Unamortized premium	(182,708)
Deferred charges on refunding	37,771
Capital lease obligations	(97,035)
Other long-term liabilities:	
Compensated absences	(78,241)
Pension obligation	(1,541,434)
Net pension liability	(428,730)
Net OPEB obligation	<u>(60,902)</u>
Total long-term liabilities	(7,892,053)
Deferred inflows of resources resulting from changes in the components of the net pension liability are reported in the statements of net position.	<u>(137,274)</u>
Net position of governmental activities	<u><u>\$ 14,429,906</u></u>

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

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 15,752,349	\$ -	\$ -	\$ 15,752,349
Assessments	214,326	-	-	214,326
Intergovernmental	4,574,430	-	312,268	4,886,698
Charges for services	235,804	-	116,150	351,954
Other	137,501	-	30,000	167,501
Interest income	9,917	848	325	11,090
Total revenues	<u>20,924,327</u>	<u>848</u>	<u>458,743</u>	<u>21,383,918</u>
EXPENDITURES				
Current:				
General government	2,101,770	-	35,042	2,136,812
Public works	1,676,702	-	9,637	1,686,339
Public safety	1,191,921	-	-	1,191,921
Culture and recreation	284,330	-	21,608	305,938
Education	14,614,288	-	-	14,614,288
Debt service:				
Principal payments	422,292	-	-	422,292
Interest and fiscal charges	191,254	-	-	191,254
Capital outlays	354,737	268,733	219,607	843,077
Total expenditures	<u>20,837,294</u>	<u>268,733</u>	<u>285,894</u>	<u>21,391,921</u>
Excess (deficiency) of revenues over expenditures	87,033	(267,885)	172,849	(8,003)
OTHER FINANCING SOURCES (USES)				
Capital lease financing	118,970	-	-	118,970
Transfers in	-	-	945,620	945,620
Transfers out	(945,620)	-	-	(945,620)
Total other financing sources (uses)	<u>(826,650)</u>	<u>-</u>	<u>945,620</u>	<u>118,970</u>
Net change in fund balances	(739,617)	(267,885)	1,118,469	110,967
Fund balances - beginning	<u>3,136,742</u>	<u>(13,632)</u>	<u>411,472</u>	<u>3,534,582</u>
Fund balances - ending	<u><u>\$ 2,397,125</u></u>	<u><u>\$ (281,517)</u></u>	<u><u>\$ 1,529,941</u></u>	<u><u>\$ 3,645,549</u></u>

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

TOWN OF BEACON FALLS, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	110,967
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 677,649	
Depreciation and amortization expense	(808,290)	
Net adjustment		(130,641)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(118,970)	
Principal repayments:		
Bonds payable	375,000	
Capital lease obligations	46,692	
Net adjustment		302,722

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	1,305	
Amortization on bond premium	2,894	
Deferred amount on refunding	(598)	
Compensated absences	(4,591)	
Pension obligation	30,871	
Insurance assessment	19,984	
Net pension liability	170,879	
Net OPEB obligation	(3,318)	
		217,426

Deferred inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.		(137,274)
---	--	-----------

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in deferred inflows.		(491,757)
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Change in net position of governmental activities	\$	(128,557)
---	----	-----------

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

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Property taxes	\$ 15,217,320	\$ 15,217,320	\$ 15,759,332	\$ 542,012
Water and sewer assessments	200,000	200,000	214,326	14,326
Intergovernmental revenues	4,587,845	4,587,845	4,602,192	14,347
Charges for services	246,250	246,250	235,804	(10,446)
Other revenues	226,000	226,000	102,756	(123,244)
Interest income	11,000	11,000	9,917	(1,083)
Total revenues	<u>20,488,415</u>	<u>20,488,415</u>	<u>20,924,327</u>	<u>435,912</u>
EXPENDITURES				
Current:				
General government	2,200,982	2,242,179	2,094,688	(147,491)
Public works	1,699,465	1,807,671	1,690,035	(117,636)
Public safety	1,186,772	1,153,726	1,205,787	52,061
Library	153,651	153,778	150,337	(3,441)
Recreation	136,080	142,021	137,743	(4,278)
Education	14,614,288	14,614,288	14,614,288	-
Contingency	100,000	-	-	-
Capital outlays	159,156	136,131	269,807	133,676
Debt service:				
Principal payments	375,000	375,600	375,600	-
Interest and fiscal charges	190,041	190,041	190,040	(1)
Total expenditures	<u>20,815,435</u>	<u>20,815,435</u>	<u>20,728,325</u>	<u>(87,110)</u>
Excess (deficiency) of revenues over expenditures	(327,020)	(327,020)	196,002	523,022
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	327,020	1,272,140	-	(1,272,140)
Transfers out	-	(945,120)	(945,120)	-
Total other financing sources (uses)	<u>327,020</u>	<u>327,020</u>	<u>(945,120)</u>	<u>(1,272,140)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(749,118)</u>	<u>\$ (749,118)</u>
Fund balances - beginning			<u>3,137,161</u>	
Fund balances - ending			<u>\$ 2,388,043</u>	

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

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust Fund - Melborne Trust Fund
ASSETS	
Cash and cash equivalents	\$ 6,626
Investments	10,092
Total assets	<u>16,718</u>
NET POSITION	
Held in trust for scholarship benefits	<u>\$ 16,718</u>

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

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Fund - Melborne Trust Fund
ADDITIONS	
Interest income	\$ 94
DEDUCTIONS	
Awards expense	1,000
Change in net position	(906)
Net position - beginning	17,624
Net position - ending	\$ 16,718

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

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Beacon Falls, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town was incorporated in 1871. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government.

The legislative power of the Town is vested with the Board of Selectmen and by Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by the Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town provides the following services: public works, public safety, culture and recreation, education and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Bonded Projects Fund - This fund is used to account for the financial activity of capital projects financed with debt proceeds and government grants.

In addition, the Town reports the following fiduciary fund types:

Private Purpose Trust Funds - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes a private purpose trust fund to account for activities of the Melborne Trust Fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year 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.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

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

Cash Equivalents

The Town's cash and cash equivalents include short-term highly liquid investments with original maturities of three months or less when purchased.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to interest charges. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Sewer and water assessments are levied over various periods, and annual installments on the amounts levied are due and payable similar to property taxes. The Town may foreclose liens against property benefited by special assessment, when assessment payers are in arrears.

Loans Receivable

The Town administers a loan program for low to moderate income families through the Small Cities grant program. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 with 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 fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 50
Machinery and equipment	8 - 15
Infrastructure	15 - 60

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. In the government-wide financial statements, deferred outflows of resources consist of a deferred charge on refunding. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. In the governmental funds financial statements, deferred inflows of resources consists of unavailable revenue from property taxes and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements, deferred inflows of resources consists of deferred pension benefits resulting from changes in the components of the Town's net pension liability. These amounts are being amortized as a component of pension expense on a systematic and rational basis.

Compensated Absences

Town employees are granted vacation and sick leave based upon length of employment. In the event of termination or retirement, employees are compensated for accumulated vacation and sick time.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds 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.

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows of resources and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position – This component of net position consists of the portion of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of amounts which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures consistent with the Town's budgeting procedures as described in Note B.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)

Net Position and Fund Balance (Continued)

Assigned – Amounts are constrained by the Town’s intent to be used for specific purposes, but are not restricted or committed. The Board of Finance and Board of Selectmen may assign fund balance as needed to meet the obligations of the Town.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town 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.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund activities are reported as follows:

Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interfund Activities *(Continued)*

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Board of Selectmen a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Board of Selectmen reviews the budget estimates with the heads of all Town supported departments, offices and agencies. In preparing the proposed budget, the Board of Selectmen may add to, delete from or eliminate requests made by the various departments, offices and agencies. The Board of Selectmen includes in the budget the estimated budget request of Regional School District No. 16. The Board of Selectmen submits its budget recommendations to the Board of Finance.
- The Board of Finance may review the budget requests with the head of each department, board, agency and commission. These estimates are recommended as the annual operating budget for adoption either at the Town meeting in May or at Town referendum, in accordance with Connecticut General Statutes.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)***Budgetary Information *(Continued)***

- The Board of Finance may authorize the transfer of appropriations between departments, and may authorize supplemental appropriations during the year provided that such appropriations do not cumulatively exceed \$20,000. Transfers and additional appropriations exceeding \$20,000 require Town meeting approval.
- Unexpended appropriations lapse at the end of the fiscal year. Appropriations for capital projects do not lapse until completion of the applicable project.
- The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2015:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 20,924,327	\$ 20,728,325	\$ (945,120)	\$ (749,118)
Encumbrances:				
Outstanding - June 30, 2015	-	(17,083)	-	17,083
Transfers out recorded as expenditures for budgetary purposes	-	(500)	(500)	-
Capital lease financing	-	118,970	118,970	-
Town Clerk Fund activity	-	7,582	-	(7,582)
GAAP basis	<u>\$ 20,924,327</u>	<u>\$ 20,837,294</u>	<u>\$ (826,650)</u>	<u>\$ (739,617)</u>

Expenditures Which Exceed Appropriations

As discussed above, the legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2015, expenditures exceeded appropriations in the following amounts:

Department	Amount
Capital Outlays	\$ 133,676
Public Safety	52,061

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)*

Deficit Fund Equity

The Bonding Projects Fund has a deficit fund balance as of June 30, 2015 of \$281,517, which does not constitute a violation of statutory provisions. The deficit arose due to expenditures being funded by short-term financing. This deficit is expected to be funded by the issuance of long-term debt and/or future transfers from the General Fund.

NOTE C - CASH DEPOSITS

A reconciliation of the Town's cash deposits as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 4,766,265
Statement of fiduciary net position:	
Cash and cash equivalents	6,626
Add: Certificate of deposit classified as an investment	10,092
	<u>\$ 4,782,983</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$4,494,177 of the Town's bank balance of \$4,826,411 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,044,759
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	449,418
	<u>\$ 4,494,177</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,878,308	\$ -	\$ -	\$ -	\$ 2,878,308
Construction in progress	672,996	358,039	-	(149,271)	881,764
Total capital assets, not being depreciated	<u>3,551,304</u>	<u>358,039</u>	<u>-</u>	<u>(149,271)</u>	<u>3,760,072</u>
Capital assets, being depreciated:					
Buildings and improvements	3,352,601	11,365	-	109,950	3,473,916
Machinery and equipment	5,217,382	308,245	-	39,321	5,564,948
Infrastructure	20,612,112	-	-	-	20,612,112
Total capital assets, being depreciated	<u>29,182,095</u>	<u>319,610</u>	<u>-</u>	<u>149,271</u>	<u>29,650,976</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	1,615,025	65,793	-	-	1,680,818
Machinery and equipment	3,964,415	169,388	-	-	4,133,803
Infrastructure	10,735,766	573,109	-	-	11,308,875
Total accumulated depreciation and amortization	<u>16,315,206</u>	<u>808,290</u>	<u>-</u>	<u>-</u>	<u>17,123,496</u>
Total capital assets, being depreciated, net	<u>12,866,889</u>	<u>(488,680)</u>	<u>-</u>	<u>149,271</u>	<u>12,527,480</u>
Governmental activities capital assets, net	<u>\$ 16,418,193</u>	<u>\$ (130,641)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,287,552</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 19,105
Public safety	76,096
Public works	692,617
Culture and recreation	20,472
Total depreciation and amortization expense - governmental activities	<u>\$ 808,290</u>

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 30,375
Bonded Projects Fund	General Fund	47,579
	Nonmajor governmental funds	36,958
		<u>84,537</u>
Nonmajor governmental funds	General Fund	564,965
	Nonmajor governmental funds	2,504
		<u>567,469</u>
		<u>\$ 682,381</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Nonmajor governmental funds	General Fund	\$ 945,620
		<u>\$ 945,620</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE G - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	Due Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities						
Bond anticipation notes	3/2015	1.0%	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
Bond anticipation notes	12/2015	0.75%	-	1,000,000	-	1,000,000
			<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. In December 2015, the Town retired the outstanding bond anticipation notes through proceeds from the issuance of additional bond anticipation notes (*see Note P*).

NOTE H - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

Governmental Activities	Beginning Balance (As Adjusted)	Increases	Decreases	Ending	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 5,865,000	\$ -	\$ (375,000)	\$ 5,490,000	\$ 355,000
Unamortized premium	185,602	-	(2,894)	182,708	-
Total bonds payable	<u>6,050,602</u>	<u>-</u>	<u>(377,894)</u>	<u>5,672,708</u>	<u>355,000</u>
Other liabilities:					
Pension obligation	1,572,305	-	(30,871)	1,541,434	33,363
Capital lease obligation	24,757	118,970	(46,692)	97,035	34,956
Compensated absences	73,650	9,714	(5,123)	78,241	7,824
Insurance assessment	19,984	-	(19,984)	-	-
Net pension liability	599,609	-	(170,879)	428,730	-
Net OPEB obligation	57,584	3,318	-	60,902	-
	<u>\$ 8,398,491</u>	<u>\$ 132,002</u>	<u>\$ (651,443)</u>	<u>\$ 7,879,050</u>	<u>\$ 431,143</u>

Long - term liabilities above typically have been liquidated by the General Fund.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE H - LONG-TERM LIABILITIES *(Continued)***General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2015 is as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Bonds	2014	\$ 5,865,000	2.0% - 4.0%	3/15/2033	\$ 5,490,000

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2015:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 355,000	\$ 174,081	\$ 529,081
2017	350,000	166,981	516,981
2018	385,000	156,481	541,481
2019	385,000	144,931	529,931
2020	380,000	135,306	515,306
2021-2025	1,870,000	499,508	2,369,508
2026-2030	1,525,000	195,988	1,720,988
2031-2033	240,000	19,200	259,200
	<u>\$ 5,490,000</u>	<u>\$ 1,492,476</u>	<u>\$ 6,982,476</u>

Overlapping Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 16's (the "District") outstanding bonds. At June 30, 2015, the District's total outstanding bonds and bond anticipation notes, net of school construction principal reimbursements were \$25,823,817. The Town's share is approximately 39.787% of the total, or \$10,274,522. Such outstanding indebtedness represents general obligations of Regional School District No. 16 and its member towns. However, the Town is not required to record its share in the accompanying statement of net position. Regional School District No. 16 has \$604,799 of authorized, unissued bonds, net of estimated state grant reimbursements, for which the Town would be contingently liable for its share of the total, or \$240,631.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

The amount of authorized, unissued bonds at June 30, 2015 totaled \$4,157,200 for sewer upgrade purposes.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE H - LONG-TERM LIABILITIES *(Continued)***Pension Obligation**

The Town participates in the Connecticut Municipal Employee Retirement System (MERS). Upon joining MERS, the Town became obligated and entered into an agreement to pay MERS for prior unfunded actuarial accrued liabilities for Town employees participating in MERS.

Annual debt service requirements to maturity on the unfunded pension obligation are as follows as of June 30, 2015:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 33,363	\$ 124,470	\$ 157,833
2017	36,057	121,776	157,833
2018	38,968	118,865	157,833
2019	42,115	115,718	157,833
2020	45,515	112,318	157,833
2021-2025	289,006	500,159	789,165
2026-2030	426,106	363,058	789,164
2031-2035	627,740	161,425	789,165
2036	2,564	216	2,780
	<u>\$ 1,541,434</u>	<u>\$ 1,618,005</u>	<u>\$ 3,159,439</u>

Capital Leases

A summary of assets acquired through capital leases are as follows as of June 30, 2015:

	Governmental Activities
Machinery and equipment	\$ 178,420
Less: accumulated amortization	18,578
	<u>\$ 159,842</u>

Amortization expense of leased property under capital leases totaled \$4,954 for the year ended June 30, 2015 and is included in depreciation and amortization expense disclosed in Note D.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE H - LONG-TERM LIABILITIES *(Continued)*

Capital Leases *(Continued)*

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

Year ending June 30:	Governmental Activities
2016	\$ 38,665
2017	25,368
2018	20,747
2019	20,751
Total minimum lease payments	105,531
Less: amount representing interest	(8,496)
Present value of minimum lease payments	\$ 97,035

NOTE I - EMPLOYEE RETIREMENT PLANS

Connecticut Municipal Employees' Retirement System

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Plan Description

Plan administration - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - Union employees, police officers and other Town employees, who were hired after September 30, 1969, who are 55 or younger at the date of hire, and who work at least 20 hours per week are eligible to participate.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Benefits provided - General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1 % of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. The current rate is 11.98% of the annual Town employees' covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for the years ended June 30, 2015, 2014 and 2013 were \$182,357, \$166,802, and \$165,193, respectively, and were equal to the required contributions for each year.

For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2014 was \$238.116 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled \$428,730 or approximately 0.180% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on the 2014 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

Actuarial assumptions - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. Equities	16%	5.80%
Developed Non-U.S. Equities	14%	6.60%
Emerging Markets (Non-U.S.)	7%	8.30%
Core Fixed Income	8%	1.30%
Inflation Linked Bonds	5%	1.00%
Emerging Market Bonds	8%	3.70%
High Yield Bonds	14%	3.90%
Real Estate	7%	5.10%
Private Equity	10%	7.60%
Alternative Investment	8%	4.10%
Liquidity Fund	3%	0.40%

Discount rate - The discount rate used to measure the CMERS' total pension liability was 8.00%. 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 rates in 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 following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town proportionate share of the net pension liability as of June 30, 2015	\$ 980,186	\$ 428,730	\$ (35,205)

Pension plan fiduciary net position - Detailed information about the CMERS plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Pension Expense and Deferred Inflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense related to the CMERS of \$77,426. At June 30, 2015, the Town reported its proportionate share of deferred inflows of resources related to the CMERS from the following source:

	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	<u>\$ 137,274</u>
Total	<u><u>\$ 137,274</u></u>

Amounts reported as deferred inflows of resources related to the CMERS will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	
2016	\$ 34,319
2017	34,319
2018	34,319
2019	<u>34,317</u>
	<u><u>\$ 137,274</u></u>

Deferred Compensation Plan

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is not required to make contributions to this plan. Amounts contributed by employees into this plan totaled, \$25,530 for the year ended June 30, 2015. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, it is the opinion of the Town's legal counsel that the Town has no liability for losses under the plans. Therefore, the accounts of the deferred compensation plans are not reported in the basic financial statements of the Town.

NOTE J - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Town provides healthcare insurance benefits for eligible retirees through the Town's group health insurance plan, which covers both active and retired members (the "Plan"). Benefit provisions are established by various collective bargaining and employment agreements with the Town. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***Funding Policy**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, employees who are age 55 and older, with 20 years of service in the Town, are eligible to receive benefits. Police officers are required to pay 25% of the cost, single coverage only. Town Hall employees are required to pay 50% of cost, single coverage only. Public works employees shall contribute at the same level as active employees, which may be adjusted from time to time. For fiscal year 2015, the Town and retirees contributions totaled \$84,006 and were funded on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2015, to irrevocably segregate assets to fund the liability for post-employment benefits, which would require the reporting of a trust fund.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 88,286
Interest on net OPEB obligation	2,303
Adjustment to annual required contribution	(3,265)
Annual OPEB cost (expense)	87,324
Contributions made	84,006
Increase in net OPEB obligation	3,318
Net OPEB obligation, beginning of year	57,584
Net OPEB obligation, end of year	\$ 60,902

Three-year Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 27,421	58.1%	\$ 45,113
2014	87,172	85.7%	57,584
2015	87,324	96.2%	60,902

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)
\$ -	\$ 1,195,490	\$ (1,195,490)	0.0%

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Funded Status and Funding Progress *(Continued)*

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2013
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	30 years, open
Asset valuation method:	N/A
Actuarial assumptions:	
Inflation rate	0.0%
Interest rate	4.0%
Healthcare cost trend rate	8.0% initial
	5.0% final

NOTE K - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE L - FUND BALANCE

Fund balance of the Town's governmental funds have been committed to the following purposes as of June 30, 2015:

	General Fund	Bonding Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed				
General government	\$ -	\$ -	\$ 7,713	\$ 7,713
Public works	13,333	-	-	13,333
Sewer waste water system	-	-	528,889	528,889
Culture and recreation	3,750	-	30,518	34,268
Special projects	-	-	18,251	18,251
Capital purposes	-	534,721	685,595	1,220,316
	<u>\$ 17,083</u>	<u>\$ 534,721</u>	<u>\$ 1,270,966</u>	<u>\$ 1,822,770</u>

NOTE M - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

NOTE N - IMPLEMENTATION OF ACCOUNTING STANDARDS

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its proportionate share of long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE N - IMPLEMENTATION OF ACCOUNTING STANDARDS *(Continued)*

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014. The adjustment recorded does not include the beginning effects of any deferred outflows or inflows of resources.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 15,158,072
Adjustment to record net pension liability under GASB Statement No. 68	<u>(599,609)</u>
Net position - beginning, as adjusted	<u><u>\$ 14,558,463</u></u>

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

NOTE P - SUBSEQUENT EVENTS

In December 2015, the \$1,000,000 in bond anticipation notes payable as of June 30, 2015 matured and were retired through proceeds from the issuance of \$3,100,000 in bond anticipation notes payable. The \$3,100,000 in bond anticipation notes bear an interest rate of 2.0% and mature in July 2016.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2015

	<u>2015</u>
Town's proportion of the net pension liability	0.1801%
Town's proportionate share of the net pension liability	<u>\$ 428,730</u>
Town's covered payroll	\$ 924,851
Town's proportionate share of the net pension liability as a percentage of its covered payroll	46.4%
Plan fiduciary net position as a percentage of the total pension liability	90.48%
Notes to Schedule:	
Valuation Date	6/30/2014
Reporting Date	6/30/2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market (20% write up)
Investment rate of return	8.00%
Salary increases	4.25% - 11.00%, including inflation
Inflation	3.25%

Note: The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 182,357
Contributions in relation to the contractually required contribution	<u>182,357</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 924,851
Contributions as a percentage of covered employee payroll	19.72%

Notes to Schedule:

Benefit Changes None noted.

Assumption Changes None noted.

Note: The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
JUNE 30, 2015

Other Post-Employment Benefits Program					
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	
July 1, 2013	\$ -	\$ 1,195,490	\$ 1,195,490	0.0%	

See accompanying Independent Auditor's Report.

Appendix B

Opinion of Bond Counsel and Tax Exemption

APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Beacon Falls
Beacon Falls, Connecticut

We have represented the Town of Beacon Falls, Connecticut as Bond Counsel in connection with the issuance by the Town of \$4,350,000 General Obligation Bonds, Issue of 2016, dated as of July 28, 2016.

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

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

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

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

a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Bonds are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

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

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

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

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

GENERAL.

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

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the 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 Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

Appendix C

Form of Continuing Disclosure Agreement

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of July 28, 2016 by the Town of Beacon Falls, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,350,000 General Obligation Bonds, Issue of 2016, dated as of July 28, 2016 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated July 21, 2016 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2016) as follows:

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

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

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

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

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

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

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

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

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) Bond defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Treasurer, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Treasurer is Town Hall, 10 Maple Avenue, Beacon Falls, Connecticut 06403.

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

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF BEACON FALLS

By _____
Christopher J. Bielik
First Selectman

By _____
Peter J. Betkoski
Selectman

By _____
Michael A. Krenesky
Selectman

By _____
Wendy A. Rodorigo
Treasurer

Appendix D

Notice of Sale

NOTICE OF SALE
\$4,350,000
Town of Beacon Falls, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Beacon Falls, Connecticut at the Office of the Finance Manager, Town Hall, 10 Maple Avenue, Beacon Falls, Connecticut, until **11:30 A.M. Eastern Time on THURSDAY,**

JULY 21, 2016

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

\$4,350,000 General Obligation Bonds, Issue of 2016
Payable annually on July 15 as follows:

\$320,000 in 2017
\$310,000 in 2018 to 2020
\$300,000 in 2021
\$260,000 in 2022 to 2026
\$250,000 in 2027 to 2031
\$50,000 in 2032 to 2036

The Bonds will be dated July 28, 2016, with interest payable on January 15, 2017 and thereafter semiannually on each July 15th and January 15th.

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

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

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

registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of December and June.

Redemption. Bonds maturing after July 15, 2023 are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2023, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption prices, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2023 and thereafter	100%

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

Sealed Proposals Bidding Procedure. All proposals for the purchase of Bonds shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Beacon Falls Bonds." All proposals should be addressed to Mr. Christopher J. Bielik, First Selectman, Town of Beacon Falls, Office of the Finance Manager, Town Hall, 10 Maple Avenue, Beacon Falls, Connecticut 06403.

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

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

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The

Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 28, 2016, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

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

on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Official Statement. The Town of Beacon Falls has prepared a preliminary Official Statement for the Bond issue which is dated July 8, 2016. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 50 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

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

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about July 28, 2016 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Thomas Broesler, Finance Manager, Town of Beacon Falls, Town Hall, 10 Maple Avenue, Beacon Falls, Connecticut 06403 (telephone: (203) 729-4340).

CHRISTOPHER J. BIELIK,
First Selectman

MICHAEL A. KRENESKY,
Selectman

PETER J. BETKOSKI,
Selectman

WENDY A. RODRIGO,
Treasurer

July 8, 2016

PROPOSAL FOR BONDS

July 21, 2016

Mr. Christopher J. Bielik
First Selectman
Town of Beacon Falls
Office of the Finance Manager
Town Hall
10 Maple Avenue
Beacon Falls, Connecticut 06403

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated July 8, 2016 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$4,350,000 General Obligation Bonds, Issue of 2016, of the Town of Beacon Falls described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2017	\$320,000	____%	2027	\$250,000	____%
2018	\$310,000	____%	2028	\$250,000	____%
2019	\$310,000	____%	2029	\$250,000	____%
2020	\$310,000	____%	2030	\$250,000	____%
2021	\$300,000	____%	2031	\$250,000	____%
2022	\$260,000	____%	2032	\$50,000	____%
2023	\$260,000	____%	2033	\$50,000	____%
2024	\$260,000	____%	2034	\$50,000	____%
2025	\$260,000	____%	2035	\$50,000	____%
2026	\$260,000	____%	2036	\$50,000	____%

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

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

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

Percent of True Interest Cost _____%
(four decimals)
Gross Interest \$ _____
Premium \$ _____

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