

FINAL OFFICIAL STATEMENT DATED JULY 17, 2018

REFUNDING ISSUE: Book-Entry-Only

**RATINGS: S&P Global Ratings: "AA" (BAM Insured)
Fitch Ratings: "BBB+"**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Series A Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations for tax years beginning before January 1, 2018. In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.



Town of Hamden, Connecticut

\$10,605,000

General Obligation Refunding Bonds, Issue of 2018, Series A

Dated: Date of Delivery

**Due: August 15, 2029 – 2030
As on the inside cover page**

Interest on the General Obligation Refunding Bonds, Issue of 2018, Series A (the "Series A Bonds") will be payable semiannually on the fifteenth day of February and August of each year until maturity or earlier redemption, commencing February 15, 2019. The Series A Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Principal of, redemption premium, if any, and interest on the Series A Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Series A Bonds. Ownership of the Series A Bonds may be in the principal amount of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Series A Bonds. So long as Cede & Co. is the Bondowner, as nominee for 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 Series A Bonds. See "Book-Entry-Only System" herein.

The Series A Bonds are subject to redemption prior to maturity as more fully described in "Optional Redemption" herein.

\$33,660,000

General Obligation Refunding Bonds Issue of 2018, Series B (Federally Taxable)

Dated: Date of Delivery

**Due: Serially, August 15, 2023 – 2029
As on the inside cover page**

Interest on the General Obligation Refunding Bonds, Issue of 2018, Series B (Federally Taxable) (the "Series B Bonds") will be payable semiannually on the fifteenth day of February and August of each year until maturity or earlier redemption, commencing February 15, 2019. The Series B Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Principal of, redemption premium, if any, and interest on the Series B Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Series B Bonds. Ownership of the Series B Bonds may be in the principal amount of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Series B Bonds. So long as Cede & Co. is the Bondowner, as nominee for 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 Series B Bonds. See "Book-Entry-Only System" herein.

The Series B Bonds are subject to redemption prior to maturity as more fully described in "Optional Redemption" herein.

The Series A Bonds and the Series B Bonds (collectively, the "Bonds") are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by Pullman & Comley, LLC, of Bridgeport, Connecticut. It is expected that the delivery of the Bonds in definitive form will be made on or about July 26, 2018 through the facilities of DTC.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



The Certifying Agent, Transfer Agent, Registrar, Escrow Agent and Paying Agent for the Bonds will be U.S. Bank National Association, Hartford, Connecticut.

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

RAYMOND JAMES®

Town of Hamden, Connecticut
\$10,605,000
General Obligation Refunding Bonds, Issue of 2018, Series A

Dated: Date of Delivery

Due: August 15, 2029 – 2030

As shown below:

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2029*	\$ 1,525,000	5.000%	3.310%	4067927C9	2030*	\$ 9,080,000	5.000%	3.360%	4067927D7

* Priced assuming redemption on August 15, 2028; however any such redemption is at the option of the Town.

\$33,660,000
General Obligation Refunding Bonds
Issue of 2018, Series B (Federally Taxable)

Dated: Date of Delivery

Due: August 15, 2023 – 2029

As shown below:

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2023	\$ 1,040,000	3.613%	3.613%	4067927E5	2027	\$ 6,890,000	3.961%	3.961%	4067927J4
2024	1,450,000	3.730%	3.730%	4067927F2	2028	8,265,000	4.031%	4.031%	4067927K1
2025	2,355,000	3.830%	3.830%	4067927G0	2029	7,545,000	4.081%	4.081%	4067927L9
2026	6,115,000	3.881%	3.881%	4067927H8					

(Remainder of page intentionally left blank)

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

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

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement other than matters expressly set forth in their opinion in Appendix A, and they make no representation that they have independently verified the same.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this official statement (other than matters expressly set forth as their opinions attached hereto as Appendix B), and they make no representation that they have independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Underwriter's Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy and completeness of the statements made in this Official Statement, and it makes no representation that it has independently verified the same.

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. 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 (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements. The Continuing Disclosure Agreements for the Bonds shall be executed in substantially the forms attached as Appendices C-1 and C-2 to this Official Statement.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

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OFFICIAL STATEMENT

Introduction

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Hamden, Connecticut (the “Town”) in connection with the sale of \$10,605,000 General Obligation Refunding Bonds, Issue of 2018, Series A and \$33,660,000 General Obligation Refunding Bonds, Issue of 2018, Series B (Federally Taxable) (collectively, the “Bonds”) of the Town.

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. 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 in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesman or any other person has been authorized by the Town to give any information or to make any representation, other than those contained in this Official Statement or any supplement that may be issued hereto, and if given or made, such information or representation must not be relied upon as having been authorized by the Town. 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 to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The information set forth herein has been obtained by the Town, from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

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

The information in this Official Statement has been prepared by the Town’s municipal advisor, Phoenix Advisors, LLC (the “Municipal Advisor”), from information supplied by Town officials and other sources as indicated. The Municipal Advisor does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Bonds.

RSM US LLP, the Town’s independent auditor, has not been engaged to perform, and has not performed any procedures on the financial statements addressed in the report, since the date of its report included as Appendix A herein. RSM US LLP, also has not performed any procedures relating to this Official Statement.

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SECTION I – SECURITIES OFFERED

Description of the Series A Bonds

The Series A Bonds will be dated as of the date of delivery, and will mature in annual installments on August 15 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Series A Bonds will be payable semiannually on August 15 and February 15, in each year until maturity or earlier redemption, commencing on February 15, 2019. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owner of the Series A Bonds as of the close of business on the last business day of July and January in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Series A 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. The Series A Bonds are subject to redemption prior to maturity as more fully described herein. The Series A Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The Series A Bonds will be payable at the principal office of U.S. Bank National Association. A book-entry system will be employed, evidencing ownership of the Series A Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only System” herein.

The Series A Bonds are subject to redemption prior to maturity. See “Optional Redemption” herein.

Description of the Series B Bonds

The Series B Bonds will be dated as of the date of delivery, and will mature in annual installments on August 15 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Series B Bonds will be payable semiannually on August 15 and February 15, in each year until maturity or earlier redemption, commencing on February 15, 2019. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owner of the Series B Bonds as of the close of business on the last business day of July and January in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Series B 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. The Series B Bonds are subject to redemption prior to maturity as more fully described herein.

The Series B Bonds will be payable at the principal office of U.S. Bank National Association. A book-entry system will be employed, evidencing ownership of the Series B Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only System” herein.

The Series B Bonds are subject to redemption prior to maturity. See “Optional Redemption” herein.

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Optional Redemption

The Bonds maturing on or before August 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2029 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (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:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 15, 2028 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 nor more than sixty (60) days prior to the redemption date to the registered owner of the Bonds at the address of the registered owner as the same shall last appear on the registration books for the Series A Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of the 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 the Bonds or portions of the 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 the Bonds for redemption, each Bond shall be considered as representing that number of the Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Town Charter and a refunding resolution adopted by the Town’s Legislative Council.

The Bonds are being issued to generate debt service savings of approximately \$38 million over the next five fiscal years, including approximately \$13 million of debt service savings for FYE 2019. The restructuring will provide the Town with relief from the loss of State aid revenue incurred over the past two fiscal years and allow the Town to budget for 100% of its actuarially recommended contribution to its Retirement Plan (even though the Pension Statute has been revised for the Town to allow it to contribute 70% of its actuarially recommended contribution in FYE 2019 and 85% of its actuarially recommended contribution in FYE 2020). The restructuring is expected to cost the Town approximately \$16 million over its 13 year term. See “Plan of Refunding” and “Bondowners’ Risks” herein.

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Plan of Refunding

The Bonds are being issued to refund at or prior to maturity all or any portion of any one or more series of the Town's outstanding general obligation bonds as set forth below (the "Refunded Bonds"). The refunding of the Refunded Bonds is contingent on the delivery of the Bonds.

Issue	Dated Date	Maturity Date	Interest Rate	Par Amount	Redemption Date	Redemption Price	CUSIPs
2009 Series B Taxable		8/15/2018	5.000%	\$ 265,000	n/a	n/a	406792L58
		8/15/2019	5.000%	265,000	n/a	n/a	406792L66
Sub-Total				<u>530,000</u>			
2010 Series A REF		8/15/2018	3.500%	\$ 400,000	n/a	n/a	406792N49
	Sub-Total			<u>400,000</u>			
2010 Series B REF		8/15/2018	3.500%	\$ 630,000	n/a	n/a	406792P62
		8/15/2019	5.000%	630,000	n/a	n/a	406792P70
Sub-Total				<u>\$ 1,260,000</u>			
2011 Series A		8/15/2018	4.000%	\$ 1,750,000	n/a	n/a	406792R29
		8/15/2019	4.000%	1,750,000	n/a	n/a	406792R37
		8/15/2020	4.000%	1,750,000	n/a	n/a	406792R45
		8/15/2021	3.000%	1,750,000	n/a	n/a	406792R52
Sub-Total				<u>\$ 7,000,000</u>			
2012		8/15/2018	2.500%	\$ 1,235,000	n/a	n/a	406792T84
		8/15/2019	2.000%	1,235,000	n/a	n/a	406792T92
		8/15/2020	4.000%	1,235,000	n/a	n/a	406792U25
		8/15/2021	4.000%	1,235,000	n/a	n/a	406792U33
		8/15/2022	5.000%	250,000 ¹	n/a	n/a	406792U41
Sub-Total				<u>\$ 5,190,000</u>			
2013 Series A REF		8/15/2018	5.000%	\$ 2,685,000	n/a	n/a	406792W23
		8/15/2019	5.000%	3,835,000	n/a	n/a	406792W31
		8/15/2020	5.000%	3,365,000 ¹	n/a	n/a	406792W49
		8/15/2021	5.000%	470,000 ¹	n/a	n/a	406792W56
Sub-Total				<u>\$ 10,355,000</u>			
2014 Series A		8/15/2018	4.000%	\$ 1,320,000	n/a	n/a	406792Y62
		8/15/2019	5.000%	1,320,000	n/a	n/a	406792Y70
		8/15/2021	5.000%	1,320,000	n/a	n/a	406792Y96
Sub-Total				<u>\$ 3,960,000</u>			
2015 Series B REF		8/15/2018	6.000%	\$ 900,000	n/a	n/a	4067923T6
		8/15/2019	6.000%	900,000	n/a	n/a	4067923U3
		8/15/2022	6.000%	900,000	n/a	n/a	4067923X7
Sub-Total				<u>\$ 2,700,000</u>			
2015 Series A REF		8/15/2019	5.000%	\$ 495,000	n/a	n/a	4067923P4
		8/15/2022	5.000%	2,945,000	n/a	n/a	4067923F6
Sub-Total				<u>\$ 3,440,000</u>			
2016		8/15/2018	4.000%	\$ 1,430,000	n/a	n/a	4067924K4
		8/15/2019	5.000%	570,000 ¹	n/a	n/a	4067924L2
		8/15/2020	5.000%	1,430,000	n/a	n/a	4067924M0
		8/15/2021	5.000%	1,430,000	n/a	n/a	4067924N8
Sub-Total				<u>\$ 4,860,000</u>			
2017 Series B		8/15/2018	4.000%	\$ 580,000	n/a	n/a	4067925U1
		8/15/2019	5.000%	580,000	n/a	n/a	4067925V9
		8/15/2020	5.000%	575,000	n/a	n/a	4067925W7
Sub-Total				<u>\$ 1,735,000</u>			
2017 Series A REF		8/15/2018	3.000%	\$ 370,000	n/a	n/a	4067925F4
	Sub-Total			<u>\$ 370,000</u>			
Total				<u>\$ 41,800,000</u>			

(1) Partial Maturities

Upon delivery of the Bonds, a portion of the Bond proceeds will be deposited in an irrevocable trust fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the date of delivery between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including, State and Local Government Series (“SLGS”), Federal National Mortgage Association (“FNMA”) and Federal Home Loan Mortgage Corporation (“FHLMC”) securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Escrow Securities”). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance, including underwriter’s discount.

Verification of Mathematical Computations

The accuracy of the mathematical computations regarding the adequacy of maturing principal of and interest earned on the Escrow Securities deposited with the Escrow Agent to pay, when due, the principal of, accrued interest and redemption premium on the Refunded Bonds on the redemption dates, will be verified by AMTEC of Avon, Connecticut (the “Verification Agent”). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Underwriter.

Sources and Uses of Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Series A Bonds	Series B Bonds	Total
Par Amount.....	\$ 10,605,000.00	\$ 33,660,000.00	\$ 44,265,000.00
Original Issue Premium	1,480,125.05	-	1,480,125.05
Total Sources	\$ 12,085,125.05	\$ 33,660,000.00	\$ 45,745,125.05
Uses:			
Escrow Fund Deposit	\$ 11,817,382.50	\$ 32,150,174.78	\$ 43,967,557.28
Capitalized Interest Fund Deposit....	-	736,944.73	736,944.73
Costs of Issuance ¹	209,446.79	587,851.25	797,298.04
Underwriter’s Discount	58,295.76	185,029.24	243,325.00
Total Uses	\$ 12,085,125.05	\$ 33,660,000.00	\$ 45,745,125.05

¹ Includes legal fees and fees for other transaction related services, including bond insurance premium.

Book-Entry-Only Transfer System

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

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

trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Securities 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 Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for such Bonds 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 is authorized to 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 such 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. There was, however, no such certified forest land on the last completed grand list of the Town, and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

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

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

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

Bondowners' Risks

Purchase of the Bonds involves a degree of risk. Potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment, to identify risk factors and to make an informed investment decision. The discussion herein of risks that could affect payment to be made by the Town with respect to the Bonds is not intended to be comprehensive or definitive, but rather is to summarize certain matters which could affect the ability of the Town to make such payments.

Town Pension Liability: Many factors influence the amount of the Town’s pension benefit liability, including, without limitation, inflationary factors, changes in the Pension Statute, changes in the levels of benefits provided or in the contribution rates of the Town, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience. Any of these factors could increase the Town’s annual contribution to the Plan. At the Town’s request, the General Assembly adopted revisions to the Pension Statute for the Town in May 2018 to allow the Town to contribute 55% of its actuarially recommended contribution, rather than 80% for FYE 2018, 70% or an amount \$3,000,000 more than the prior year, whichever is less, for FYE 2019, and 85% or an amount \$3,000,000 more than the prior year, whichever is less, for FYE 2020, rather than 100% of the actuarially recommended contribution for FYE 2019 and 2020. The Town will be required to contribute 100% of its actuarially recommended contribution in FYE 2021 and thereafter. These smaller contributions may increase the Town’s actuarially recommended contributions in the future.

Risks Related to Town Operations: The ability of the Town to meet its payment obligations under the Bonds will depend upon the continued availability to the Town of revenues from a variety of sources sufficient to meet obligations such as the Town’s operating expenses, debt service on the Bonds and other debt of the Town and extraordinary costs or expenses which may occur from time to time. Revenues and expenses of the Town will be affected by future events and conditions which will include the Town’s ability to control expenses, the Town’s ability to maintain or increase property tax rates and other sources of revenue, and the Town’s access to other sources of funds. No assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the Town.

The Town is reliant on the receipt of State aid revenue for a significant portion of its budget. Over the past several years, State aid revenue to the Town and other Connecticut municipalities has been reduced and has been uncertain based on State fiscal issues. There is no assurance that State budgets will provide the Town with comparable State aid revenue received in the past. In the event the adopted State budget provides less revenue to the Town than the amounts the Town has budgeted, the Town will be required to amend its budget to account for the actual amount the Town will receive pursuant to the State budget.

Future revenues and expenses of the Town will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the Town’s current finances and operations as well as certain projected financial and operating results of the Town are contained in “SECTION VI – Financial Information” in this Official Statement.

Designation as Tier III Municipality: Pursuant to Public Act 17-2, the State General Assembly amended Chapter 117, Municipal Deficit Financing (the “MARB Statute”). The MARB Statute was amended to strengthen the assistance that the State can provide to distressed municipalities and enhanced the State’s control over such municipalities. Among other things, the MARB Statute created a Municipal Accountability Review Board, provided a new tiered system for distressed municipalities (Tier I through Tier IV) with specific criteria for each tier, and allows for different levels of assistance depending on the severity of the fiscal distress the municipality is experiencing, including providing credit support for the issuance of debt. Municipalities can request designation for a specific tier, or the Office of Policy and Management (“OPM”) can designate a distressed municipality for a specific tier. Designated municipalities qualify for specific types of assistance and the State has certain levels of control over the municipality’s finances based on their designation. Currently, the Town has not requested designation for any tier under the MARB Statute.

Beginning July 1, 2018, the Secretary of OPM may designate a municipality as a “Tier III municipality” if: (1) the municipality has one bond rating from a bond rating agency that is below investment grade or (2) if the municipality’s highest bond rating is “A”, “Baa” or “BBB” and it has either (a) a negative fund balance percentage or (b) an equalized mill rate that is 30.00 or more and it receives 30% or more of its current or prior fiscal year general fund revenues from the State. The Secretary of OPM shall designate a municipality as Tier III based on reports and findings if the fiscal condition of the municipality warrants such designation. Currently, the Town does not meet the criteria to be designated a “Tier III” municipality. However, a ratings downgrade or an operating loss that leads to a negative fund balance percentage could qualify the Town for Tier III designation by OPM.

Unfunded Pension and OPEB Liabilities: The Retirement Plan has an approximate \$285.3 million unfunded pension liability as of July 1, 2017. The Town has an approximate \$485.5 million unfunded other postemployment benefits liability (“OPEB”) as of July 1, 2016, which is expected to continue to increase. The issuance of the 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) increased the funding ratio of the Retirement Plan to approximately 37%. Unless the Town is able to reduce the remaining liabilities by reducing benefits through agreements with its public employees or enacted legislation (upheld against any challenges), the Town will need to find new sources of revenues or other funding mechanisms in order to meet these obligations.

If the Retirement Plan runs out of money, the Town will need to pay benefits out of the General Fund. The Bonds have no priority over the obligations payable from the General Fund including payments to the Retirement Plan and benefit payments to retired former employees.

Descriptions of the Town's unfunded pension and OPEB liabilities as well as the Town's Plan to address the underfunding are contained in "SECTION VI – Financial Information" in this official statement.

General Economic Factors: The Town has been subject to the effects of the recession which has affected Connecticut over the past several years. Related economic factors have adversely affected the Town's revenues, including lower consumer and business spending, high unemployment, depressed home sales and other challenges. In addition, the income levels of the Town's residents have been adversely affected by the recession.

Marketability: No assurance can be given that a secondary market for the Bonds will develop following the completion of the offering of the Bonds. Consequently, prospective purchasers should be prepared to hold their Bonds to maturity. No assurance can be given that the initial offering price for the Bonds will continue for any period of time following issuance of the Bonds. The Underwriters are not obligated to make a secondary market for the Bonds.

Legal Matters and Future Changes in Laws: Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, interpretation or addition could have a material adverse effect, either directly or indirectly, on the Town or the taxing authority of the Town, which could materially adversely affect the Town's ability to repay the Bonds.

Repayment of the Bonds and Potential Effects of Bankruptcy: 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. 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. 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. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations, including the Town.

Limitations on Enforcement of Remedies: The remedies available to the Registered Owners of the Bonds upon an event of default under the Bonds are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State, and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Forward Looking Statements

This Official Statement, including the Appendices, contains certain statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward looking statements. Any forward looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward looking statements. Inevitably, some assumptions used to develop forward looking statements will not be realized and/or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results, and those differences could be material.

Qualification for Financial Institutions

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

Availability of Continuing Information

The Town 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 on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a continuing disclosure agreement with respect to each series of Bonds, substantially in the forms attached as Appendices C-1 and C-2 to this Official Statement (the “Continuing Disclosure Agreements”). The Underwriter’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, executed copies of the Continuing Disclosure Agreements.

The Town has previously undertaken in continuing disclosure agreements for the benefit of holders of certain of its bonds to provide certain annual financial information and event notices pursuant financial information and event notices pursuant to Rule 15c2-12(b)(5). Except as mentioned below, in the last five years, the Town has not failed to comply, in all material respects, with its previous undertakings in such agreements.

Due to changes in auditors, the Town has failed to file its audited financial statements and operating data in a timely manner in accordance with its continuing disclosure agreements. For the fiscal year ended June 30, 2016, the audited financial statements and operating data of the Town were filed late with the Municipal Securities Rulemaking Board (“MSRB”). The Town filed a notice of the failure to file such annual financial information with the MSRB on February 28, 2017 with an expectation that the final 2016 Audit would be available by March 31, 2017, however, the audit was not completed by March 31, 2017. The Town filed draft 2016 audited financial statements on June 30, 2017. The Town also filed a notice of the failure to file the final 2016 annual financial information on July 5, 2017. The Town’s audited financial statements for the fiscal year ending June 30, 2016 were filed with the MSRB through the EMMA system on July 31, 2017. The Town also failed to file its fiscal year 2017 audit on time by 1 day. The Town filed its audited financials on March 1, 2018. The Town filed a failure to file notice on EMMA on March 5, 2018. Despite the foregoing and except as described herein, the Town is in material compliance with its continuing disclosure obligations pursuant to Rule 15c2-12. The Town has implemented procedures to ensure the timely filing of audited financial statements and operating data.

Bond Insurance

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix D to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$518.3 million, \$97.4 million and \$420.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website

at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

Ratings

The Town has received underlying ratings of “A” and “BBB+” on the Bonds from S&P Global Ratings (“S&P”) and Fitch Ratings (“Fitch”), respectively. S&P is expected to assign the Bonds an insured rating of AA based upon the issuance of the insurance policy to be issued by BAM at the time of delivery of the Bonds. The Town furnished to S&P and Fitch certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of S&P and Fitch. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, the rating agencies base their rating upon such information and materials and upon investigations, studies and assumptions by the rating agencies. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s outstanding bonds, including this issue.

Tax Matters

Series A Bonds

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Series A Bonds in order for interest on the Series A Bonds to be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. Non-compliance with such requirements could cause interest on the Series A Bonds to be included in gross income retroactive to the date of issuance of the Series A Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Series A Bonds, will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town will also covenant and agree that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Series A Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Series A Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning before January 1, 2018.

Ownership of the Series A Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Series A Bonds. Prospective purchasers of the Series A Bonds, particularly those who may be subject to special rules, are advised to

consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Series A Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Series A Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series A Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Series A Bonds or adversely affect the market price of the Series A Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Series A Bonds may be greater than the principal amount payable on such Series A Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Series A Bonds is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The offering prices relating to the yields set forth on the inside cover page of the Official Statement are expected to be the initial public offering prices at which a substantial amount of each maturity of the Series A Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Series A Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Series A Bonds by such owner. Amortized original issue premium on the Series A Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Series A Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of, and receipt of interest on, the Series A Bonds.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Prospective purchasers of the Series A Bonds are advised to consult their own tax advisors regarding the State and local tax consequences of ownership and disposition of, or receipt of interest on, the Series A Bonds.

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

Prospective purchasers of the Series A Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Series A Bonds.

General

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. On the date of delivery of the Series A Bonds, Bond Counsel will deliver their opinions in the form attached hereto as Appendix B-1.

The above discussion does not purport to deal with all aspects of federal, state and local taxation that may be relevant to a particular owner of a Series A Bond. Prospective purchasers of the Series A Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, the Series A Bonds.

Series B Bonds

Federal Income Taxes

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

United States Tax Consequences

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

United States Holders

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

Purchase, Sale, Exchange, and Retirement of Series B Bonds. A United States Holder’s adjusted basis in a Series B Bond generally will equal its cost, increased by the amount of any original issue discount previously included in the United States Holder’s income with respect to the Series B Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Series B Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Series B Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder’s adjusted basis in the Series B Bond. Any such gain or loss recognized on the sale, exchange or retirement of a Series B Bond generally will be capital gain or loss and will be long-term capital gain or loss if the Series B Bond was held for more than one year. The defeasance or material modification of the terms of any Series B Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

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

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

Information Reporting

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Series B Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Series B Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Series B Bonds.

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

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Series B Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

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

State Taxes

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

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

Prospective purchasers of the Series B Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of, and receipt of interest on, the Series B Bonds.

General

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. On the date of delivery of the Series B Bonds, Bond Counsel will deliver their opinions in the form attached hereto as Appendix B-2.

The above discussion does not purport to deal with all aspects of federal, state and local taxation that may be relevant to a particular owner of a Series B Bond. Prospective purchasers of the Series B Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, the Series B Bonds.

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Series A Bonds from the Town at the net aggregate purchase price of \$12,026,829.29 (consisting of the principal amount of \$10,605,000.00 plus original issue premium of \$1,480,125.05, less Underwriter’s discount of \$58,295.76). The Underwriter has agreed, subject to certain conditions, to purchase the Series B Bonds from the Town at the net aggregate purchase price of \$33,474,970.76 (consisting of the principal amount of \$33,660,000.00 less Underwriter’s discount of \$185,029.24).

The Underwriter will be obligated to purchase all of the Bonds, if any such Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

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SECTION II – THE ISSUER

Description of the Town

The Town was first settled in 1664. On May 1, 1786, Hamden withdrew from New Haven and was incorporated as Connecticut's ninetieth town. Located north of the City of New Haven, and also bordering Woodbridge, Bethany, and North Haven, the Town is located approximately 85 miles east of New York City and 35 miles southwest of Hartford, Connecticut. The Town encompasses approximately 33 square miles within New Haven County.

The Town is traversed by two major highways, the Wilbur Cross Parkway (Route 15) and Interstate 91 (via the Route 40 connector). The Town's location also provides quick access to the Connecticut Turnpike (Interstate 95). Metro-North, Amtrak and Conrail in New Haven provide rail service to Boston and New York. Commercial, cultural and educational amenities in New Haven and New York City are accessible via state and interstate highways. Regional air transportation needs are provided at Tweed–New Haven Airport in New Haven. National and international air service is provided by Bradley International Airport in Connecticut and Kennedy, LaGuardia International and Newark Airports in New York and New Jersey.

The Town is a primarily residential community with a diversified economic base and a population of approximately 61,000. Major employers include the Town of Hamden and its Board of Education, Quinnipiac University, Arden House Care & Rehabilitation Center, Stop & Shop, Area Cooperative Educational Services ("ACES"), Whitney Center, Children's Center, AAA (Automobile Association of America) and Hamden Healthcare. Primary business clusters of health care, bioscience, and education are fueled by the Town's proximity to major academic institutions, including Yale University, Albertus Magnus College, Southern Connecticut State University, and the University of New Haven. The Town's population is slightly older and more educated when compared to that of the State as a whole. These factors, along with the diversified economic base, contribute to an unemployment rate that for the past five years, has been consistently below regional and state averages.

The public school system of the Town provides a balanced curriculum for approximately 5,300 students. There are several vocational training facilities, private secondary schools, colleges and universities in close proximity to the Town that offer a variety of educational programs. Town residents are within minutes from the main campus of Yale-New Haven Hospital and the St. Raphael Hospital campus of Yale-New Haven Hospital which are located in New Haven. Numerous private medical practitioners are located in the Hamden–New Haven region.

Form of Government

The Town is organized and has operated since 1965 under the Mayor–Council form of government. The current Charter was adopted on November 8, 2011. General Town elections are held on the first Tuesday in November of each odd-numbered year to elect the Mayor, Town Clerk and the Legislative Council. The terms of office are for two years and commence at noon on the last Sunday of November following the election.

The Legislative Council (the "Council") comprises six members elected at large and one member elected from each of the nine voting districts in existence as of July 1, 1975. All serve without compensation except for an annual stipend of \$1,200 each. The Council, by a majority vote, but not less than every ten years, may determine that redistricting is necessary and appoint a commission to re-divide the Town so that each voting district shall contain an equal number of voters. The members of the Council choose one member to be President of the Council. The President presides over all Council meetings.

Under the current Town Charter, the legislative power of the Town is vested exclusively in the Council. The Council has the power to enact, amend or repeal ordinances not inconsistent with the Charter or the Connecticut General Statutes and to provide for the preservation of good order, peace, health and safety of the Town and its inhabitants. At least one public hearing must be held before any ordinance can be passed, except for ordinances relating to procedures of the Council or a public emergency. The electors have the power to approve or reject an ordinance by petition for referendum, as provided in the Charter. As the fiscal authority of the Town, the Council adopts the budget and may fix the tax rate in mills. Should the Council not adopt a budget ten days before the end of the fiscal year, the budget as originally submitted by the Mayor is deemed to have been adopted by the Council, and the Mayor then has the right to fix the tax rate.

Principal Municipal Officials

Office	Name	Manner of Selection/Term	Years of Service
Mayor	Curt Balzano Leng	Elected/2 years	3 years
Chief of Staff	David Garretson	Appointed/Indefinite	3 years
Town Clerk.....	Vera A. Morrison	Elected/2 years	22 years
Tax Collector.....	Kathleen Flynn	Appointed/Indefinite	21 years
Assessor.....	John Gelati	Appointed/Indefinite	2 Months
Superintendent of Schools.....	Jody Goeler	Appointed/Indefinite	3 years
Interim Finance Director.....	Enrique Galarza, Jr. ¹	Appointed/Indefinite	1 year

¹ Mr. Galarza was named Interim Finance Director on July 2, 2018. He was previously Deputy Finance Director for 1 year.

Summary of Municipal Services

Police Protection: The Police Department is responsible for the prevention and deterrence of crime, apprehension of offenders, return of property, efficient control and movement of traffic, and the provision of public safety. It is responsible for the enforcement of all laws, ordinances and regulations governing the criminal and motor vehicle codes and the protection of all guarantees provided by the U.S. and State of Connecticut constitutions. The Department is also responsible for staffing and supervising the Central Communications Division for all police, fire and medical requests for service to the public. The Department is staffed by 108 sworn police officers and 45 non-sworn positions, of which 23 are part-time crossing guards.

Fire Protection and Emergency Medical Service: Fire protection and emergency medical services are provided by a combination career and volunteer Fire Department consisting of 92 paid career firefighters and officers, nine staff personnel and 40 volunteers. The Town operates seven fire stations, five staffed full-time, one staffed by both career and volunteer firefighters and two staffed by volunteers. The Fire Department operates 15 emergency response vehicles as well as 12 support vehicles and pieces of equipment for specialty services such as hazardous materials and technical rescue response. Full-time paramedic service is provided with two fire–rescue vehicles. In addition, the Fire Department supports a professional mountain rescue team which responds to high-angle emergencies when requested. Ambulance transport is provided to the Town by American Medical Response from New Haven.

Planning and Zoning: The Town has a combined Planning and Zoning Commission of nine members and three alternates. A professional staff is available to ensure that development conforms to Hamden and state codes. The Planning and Zoning Department has created a computerized permit database that helps both staff and the public determine the current approved zoning uses and evaluate changes over time.

Public Works and Parks: Supervised by the Director of Public Works, the Department of Public Works has a staff of 61 employees, organized into five divisions, as follows: Streets and Bridges, Sanitation, Parkway and Trees, Buildings and Grounds, and Fleet Maintenance. The Department's responsibilities include road maintenance and repair, snow plowing, and tree removal, as well as the maintenance and cleaning of storm sewers. Its administration is responsible for the continuous flow of paper work and, with the assistance of a dispatcher, a timely and courteous response to telephone calls. Numbering ten employees, the Parks Division maintains the Town's parks, ten miles of canal line, and ball fields.

Engineering: The Engineering Department provides professional engineering services to assist in maintaining and improving the Town's infrastructure. It provides or supervises planning, surveying, design, and construction administration and inspection services for Town capital improvement projects, including highway, bridge, storm drainage, and other infrastructure projects. The Engineering Department also reviews plans and other technical information submitted by developers for compliance with Town design and construction standards and good engineering practice. It comments to the Planning and Zoning and Inland Wetlands commissions, coordinates compliance with the Town's Stormwater Management Permit, issues permits for and inspects work within the Town highway rights-of-way, including utility excavation, driveways, sidewalks, and storm sewer connections, and inspects sidewalks for tripping hazards and for snow and ice removal. The Department oversees Town sidewalk repair and permanent trench repair contracts and serves as liaison to state and federal agencies and utility companies regarding capital improvement projects. Also, the Department maintains Geographic Information System ("GIS") data regarding the Town's infrastructure, such as the storm drainage system, sidewalks, pavement, and bridges.

Economic and Community Development: The Economic and Community Development Department fosters and develops initiatives to maintain/expand existing businesses and to attract new businesses. These initiatives include neighborhood revitalization projects, property development, and negotiation for clusters in retail, health care, financial services, insurance and manufacturing. Programs administered include tax incentives; streetscape improvements; redevelopment initiatives through the Hamden Economic Development Corporation; Community Development Block Grants (“CDBG”); a Business Assistance Center; Economic Development Web Page (www.hamden-ct.com); marketing and recruitment; brownfields redevelopment; and workforce readiness initiatives. The office has three staff members paid by the Town. This department interacts with the business community, various community organizations, and Town, state and federal agencies.

Since 2001 the total increase in tax base resulting directly from expansions and relocations included a total of over \$30,000,000 or over \$940,000 annually in net tax revenue from new grand list growth attributed to the Business Incentive Program as well as larger project development investment.

Many of the Town’s industry clusters have grown despite the recent downturn in the State and regional economy. Over the past five years there has been over \$7.5 million of new investment in manufacturing facilities relating to over 125,000 square feet of space.

The local economy remains diverse with a mix of manufacturing, retail and growing health care sector. The Town has a strong partnership between the business community, Town government, and the Hamden Economic Development Corporation. The Town’s Economic and Community Development Director has been acting in his capacity since 1999 facilitating the consistency needed for long term projects and initiatives.

Some recent economic development projects that have been completed or are in various stages of design and construction include the following:

- New retail development among the five major shopping centers (92% occupancy rate) including but not limited to Aldi, Burlington Stores, Sketchers Shoe Store and Porter and Chester Vocational school.
- American Automobile Association (AAA): new 7,000 square foot building opened in the spring of 2014. This new building replaced the original building built in 1970. AAA is one of Town’s largest employers.
- BankWell (formerly Quinipiac Bank & Trust): invested \$1.8 million to open a new bank office on October 2013.
- Rockville Bank: rehabilitated a 3,000 square feet building into a new retail banking office in February 2014.
- Eli’s Restaurant: completed a 3,500 square foot addition in the spring of 2014.
- New Mixed Use Building (including Liberty Bank): A new 14,000 square foot mixed-use building was completed in December 2014 located next to the Mount Carmel Post Office.
- Hamden Business Incubator: The Hamden Economic Development Corporation (HEDC) has secured \$9 million in funds to renovate a 40,000 square foot former school/community center into a business incubator for up to twenty new businesses. This project is under construction and should be completed in early 2019.
- Quinipiac University: is a private, coeducational university with approximately 6,500 undergraduate and 2,500 graduate students based in Hamden. Quinipiac began as a small college in New Haven in 1929 and has grown into a University with eight schools and colleges, including schools of law and medicine. The University has experienced tremendous growth in recent years. The University’s York Hill Campus, completed in 2012, includes over 2,000 new dorm rooms, a student center and an 185,000 square foot athletic facility all of which has had a significant impact on small business growth throughout Hamden.
- Whitney Center: an assisted living facility, is currently the largest taxpayer in the Town. The \$75 million phase I expansion is complete and its \$25 million phase II expansion is in the planning stages. Phase I resulted in well over \$1 million in new tax revenue.
- Canal Crossing: A 393 unit housing project has been approved and is under construction to be completed in mid-2019. Total project cost is \$45 million and anticipated new tax revenue will be \$1.2 million annually. Phase I 165 units, has been completed and occupied.

The investment derived from these projects has yielded over \$5 million in new tax revenue for the Town as well as having a major impact on the local economy. This is due to the large number of employees for many of the facilities. These employees have already produced a positive increase in economic activity for smaller local businesses.

Human Services: The Elderly Services Department functions as the central resource center for information regarding programs, activities and services for elderly residents, individuals, and families who need assistance in caring for elderly relatives. The Department oversees the operation of the Miller Senior Center, a multi-purpose facility located at 2901 Dixwell Avenue. In addition, Town government includes departments dedicated to community and youth services, as well as to the development of personnel for a full-time work force.

Recreation: The Town recently merged its Arts Commission with the Parks and Recreation Department to create a new department known as Arts, Recreation & Culture. In 2011, the Town reorganized Parks & Recreation by transferring a division of that department to Public Works in order to satisfy the ever-growing need of sports groups for access to more and better-conditioned surfaces. The portion of the department not transferred to Public Works sought to create new programs and to work with the Arts Commission and Youth Services to expand programming. Opportunities for new synergies in the delivery of recreation and arts have emerged through an analysis of a mutually beneficial partnership with Southern Connecticut State University. Cost-savings will be limited, but the enhanced service offerings by Arts, Recreation & Culture will result in a higher level of service and diversification of available programs.

Library: The Hamden Public Library, the community's information center, provides a variety of library resources, access to innovative technology and a knowledgeable staff to improve the quality of life and meet the informational, educational and cultural interests of the community. Service locations are the Miller Memorial Central Library, the Brundage-Community Branch and the Whitneyville Branch. Approximately 19,853 residents have library cards. The collection consists of approximately 206,000 books, magazines, paperbacks, CDs, DVDs, and audio books. The libraries offer a local area network providing access to databases, access to the statewide holdings at Connecticut libraries and wireless access to the internet for the public. The public access catalog is available in all the libraries or from home through the library's website: www.hamdenlibrary.org. The libraries provide programs for children and work cooperatively with the schools and the Hamden Partnership for Young Children.

Water: Water is supplied to the Town by the South Central Connecticut Regional Water Authority, formerly known as the New Haven Water Company.

Sewer: Sewer services are provided by the Greater New Haven Water Pollution Control Authority.

Solid Waste: On July 1, 2010, the Town, in collaboration with four other municipalities, began a ten-year solid waste disposal contract with Covanta Projects L.P. of Wallingford, Connecticut ("Covanta"). Under this contract, all curbside solid waste collected in Hamden is transported to Covanta's transfer station in Wallingford (the "System"). The contract offers two five-year options to extend for any or all of the participating municipalities.

Under the terms of the contract, the Town is required to deliver or cause to be delivered to the System acceptable solid waste generated within its boundaries with a minimum commitment of 14,850 tons per year and to pay a uniform per-ton disposal service fee therefor. The aggregate minimum commitment of the five participating municipalities is 66,285 tons per year. For the past several years, the Town has delivered more than 30,000 tons annually. The Town's commitment to pay disposal fees is a "put-or-pay" commitment, meaning that, if the commitment of the five participating municipalities is not met by the total delivery of all five participating municipalities or by other solid waste delivered in any year and, if the Town does not meet its minimum commitment, it must pay the disposal fee for its proportionate share of the aggregate minimum commitment, minus the amount of total acceptable solid waste delivered. Disposal fees are payable, provided that the System is accepting solid waste delivered by on or behalf of the Town, whether or not such solid waste is processed at Covanta's facility in Wallingford. Should the facility be unable to process this waste, it will be sent to other facilities owned by Covanta at no additional cost to the Town.

The Town's obligation to pay disposal fees is absolute and unconditional so long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of the disposal fees and has agreed to enforce or levy and collect all taxes, cost-sharing or other assessments or charges and take other such action as may be necessary to pay the fees. For fiscal year 2018, the disposal fee is \$66.14 per ton. For the fiscal year 2019, the disposal fee is \$66.14.

Educational System

The Town's school system serves approximately 5,300 students and comprises one Early Learning Center for pre-K students, eight elementary schools for pupils in grades kindergarten through 6, one middle school for grades 7 and 8, an inter-district K-12 magnet school, and one high school for grades 9 through 12. The Board of Education also conducts pre-school programs at the Church Street, Helen Street and Alice Peck Schools. The schools are governed by a nine-member Board of Education. Also located in the Town are three parochial elementary schools and three private college preparatory schools.

Educational Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2017 Enrollment	Rated Capacity
Alice Peck Elementary	Pre-K	1954 (1991)	18	142	300
Bear Path Elementary	K-6	2003	25	446	495
Dunbar Hill Elementary	K-6	1950 (1995)	18	324	334
Helen Street Elementary	K-6	1992	20	268	350
Ridge Hill Elementary	K-6	1971 (2011)	22	329	560
Shepherd Glen Elementary	K-6	1972	17	340	477
Spring Glen Elementary	K-6	2003	22	302	450
West Woods Elementary	K-6	1973	24	435	510
Church Street Elementary	K-6	1991	28	354	438
Hamden Middle	7-8	2006	50	880	1,270
Hamden High	9-12	1935 (1998)	77	1,532	1,785
Central Office (Administration)....	N/A	1915 (2011)	N/A	N/A	N/A
Total.....			321	5,432^{1,2}	6,969

¹ Does not include approximately 320 students from the Town who attend the inter-district K-12 Magnet School

² Includes 80 students enrolled in Hamden Community Learning Center.

Source: Town of Hamden, Board of Education

School Enrollments

School Year	Historical			Total¹
	Grades Pre-K - 6	Grades 7 - 8	Grades 9 - 12	
2008-2009	3,086	866	2,113	6,065
2009-2010	3,086	881	1,973	5,940
2010-2011	3,148	900	1,937	5,985
2011-2012	3,079	906	1,852	5,837
2012-2013	3,091	900	1,805	5,796
2013-2014	3,089	865	1,811	5,765
2014-2015	3,059	815	1,757	5,631
2015-2016	3,003	826	1,664	5,493
2016-2017	3,008	812	1,610	5,430
2017-2018	3,020	880	1,532	5,432
School Year	Projected			Total
2018-2019	2,876	902	1,496	5,274
2019-2020	2,800	870	1,543	5,213

¹ Does not include approximately 320 students from the Town who attend the inter-district K-12 Magnet School

Source: Town of Hamden, Board of Education

Municipal Employees¹

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-2015</u>	<u>2013-2014</u>
General Government.....	451	448	452	470	470
Board of Education.....	886	898	879	836	831
Total.....	1,337	1,346	1,331	1,306	1,301

¹ The figures shown above regarding municipal employees comprise full-time, part-time and permanent staff.

Municipal Employees Bargaining Organizations

General Government	Organization	Positions Covered	Current Contract Expiration Date
Police	UPSEU/COPS	106	6/30/2022
Firefighters	Local 2687, International Assoc. of Firefighters	96	6/30/2020
Public Works	Local 424, UPSEU Unit #1	53	6/30/2023
Town Hall / Engineering	Council #4, AFSCME, Local 2863	77	6/30/2023
Dispatchers	UPSEC, Local 424 Unit #63	14	6/30/2023
Parks and Recreation.....	Local 424, UPSEU Unit #36	16	6/30/2023
Library	Local 1303-115, Council #4, AFSCME	36	6/30/2023
Supervisors	Local 424, UPSEU Unit #23	27	6/30/2023
Non-bargaining	N/A	26	N/A
Total General Government Employees.....		451	

Board of Education	Organization	Positions Covered	Current Contract Expiration Date
Custodians and Maintenance.....	Local 431, Council #4, AFSCME, AFL-CIO	53	6/30/2018
Teachers.....	Hamden Education Association, Local 57	550	6/30/2019
Administrators.....	Association of Hamden Public School Administrators, AHPSA, AFL-CIO	34	6/30/2020
Nurses.....	Hamden School Nurses Association, CILU	17	6/30/2016 ¹
Clerical and Paraprofessionals ..	Local 424, UPSEU Unit #2	161	6/30/2017 ²
Security Guards.....	Local 1303-373, AFSCME	10	6/30/2019
Supervisors	UPSEU Local 424	9	6/30/2017 ²
Non-bargaining	N/A	52	N/A
Total Board of Education Employees.....		886	
Total General Government & Board of Education Employees.....		1,337	

¹ Pending final approval.

² In negotiation

Source: Town of Hamden

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject the 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. For binding arbitration of teachers’ contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer’s financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA SECTION

Population Trends and Densities

Year	Actual Population	% Increase	Density ¹
2016 ²	61,476	0.8%	1,846.1
2010	60,960	7.11	1,830.6
2000	56,913	8.54	1,709.1
1990	52,434	2.67	1,574.6
1980	51,071	3.47	1,533.7
1970	49,357	20.22	1,482.2
1960	41,056	--	1,232.9

¹ Per square mile: 33.3 square miles.

² American Community Survey 2012-2016.

Source: U.S. Department of Commerce, Bureau of Census. 2010

Age Distribution of the Population

Age	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	3,068	5.0%	188,812	5.3%
5 to 9 years	2,714	4.4	210,557	5.9
10 to 14 years	3,142	5.1	228,543	6.4
15 to 19 years	5,894	9.6	252,522	7.0
20 to 24 years	6,548	10.7	242,007	6.7
25 to 34 years	7,519	12.2	438,471	12.2
35 to 44 years	7,055	11.5	439,606	12.3
45 to 54 years	8,129	13.2	545,977	15.2
55 to 59 years	4,130	6.7	263,778	7.4
60 to 64 years	4,207	6.8	223,274	6.2
65 to 74 years	4,354	7.1	303,959	8.5
75 to 84 years	2,945	4.8	163,137	4.5
85 years and over	1,771	2.9	87,927	2.5
Total.....	61,476	100%	3,588,570	100%
Median Age (Years) 2016.....	37.6		40.6	
Median Age (Years) 2010..... ¹	37.4		40.0	

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

Source: American Community Survey 2012-2016.

Income Distribution

Income	Town of Hamden		State of Connecticut	
	Families	Percent	Families	Percent
\$0 - \$9,999.....	203	1.4%	29,623	3.3%
10,000 - 14,999.....	97	0.7	17,060	1.9
15,000 - 24,999.....	660	4.6	44,354	5.0
25,000 - 34,999.....	642	4.5	54,456	6.1
35,000 - 49,999.....	1,399	9.8	81,300	9.1
50,000 - 74,999.....	2,450	17.2	137,336	15.4
75,000 - 99,999.....	1,915	13.5	124,033	13.9
100,000 - 149,999.....	3,312	23.3	186,214	20.8
150,000 - 199,999.....	1,898	13.4	96,075	10.7
200,000 and over.....	1,634	11.5	123,962	13.9
Total.....	14,210	100.0%	894,413	100.0%

Source: American Community Survey 2012-2016.

Comparative Income Measures

	Town of Hamden	State of Connecticut
Per Capita Income, 2016.....	\$ 35,963	\$ 39,906
Median Family Income, 2016.....	\$ 94,821	\$ 91,274
Median Household Income, 2016.....	\$ 71,665	\$ 71,755

Source: American Community Survey 2012-2016.

Educational Attainment (Years of School Completed – Age 25 and Over)

	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	941	2.3%	103,279	4.2%
9th to 12th grade.....	1,270	3.2	139,653	5.7
High School graduate.....	9,176	22.9	673,220	27.3
Some college, no degree.....	7,760	19.3	427,232	17.3
Associate's degree	2,689	6.7	184,426	7.5
Bachelor's degree.....	8,587	21.4	524,370	21.3
Graduate or professional degree.....	9,687	24.2	413,949	16.8
Total.....	40,110	100.0%	2,466,129	100.0%
Total high school graduate or higher (%)....		94.5%		90.1%
Total bachelor's degree or higher (%).....		45.6%		38.0%

Source: American Community Survey 2012-2016.

Labor Force Data

Period	Town of Hamden		Percentage Unemployed		
	Employed	Unemployed	Town of Hamden	New Haven Labor Market	State of Connecticut
May 2018	34,247	1,495	4.2	4.2	4.3
Annual Average					
2017.....	34,004	1,540	4.3	4.7	4.7
2016.....	33,404	1,680	4.8	5.3	5.3
2015.....	33,576	1,780	5.0	5.7	5.6
2014.....	30,238	3,112	6.5	6.9	6.7
2013.....	29,470	2,442	7.7	8.1	7.9
2012.....	29,662	2,696	7.7	8.7	8.3
2011.....	30,032	2,804	8.3	9.2	8.8
2010.....	28,793	2,708	8.5	9.3	9.0
2009.....	28,805	2,361	8.6	8.2	8.2
2008.....	29,327	1,692	7.6	5.9	5.7

Source: State of Connecticut, Department of Labor.

Industry Classification

Sector	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	37	0.1%	7,209	0.4%
Construction.....	1,155	3.5	101,497	5.7
Manufacturing.....	2,990	9.0	190,713	10.6
Wholesale trade.....	512	1.5	45,110	2.5
Retail trade.....	2,799	8.5	193,853	10.8
Transportation warehousing, and utilities.....	937	2.8	66,516	3.7
Information.....	951	2.9	42,374	2.4
Finance, insurance, real estate, and leasing.....	1,848	5.6	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	2,896	8.7	206,042	11.5
Education, health and social services.....	13,540	40.9	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	2,543	7.7	153,754	8.6
Other services (except public admin.).....	1,466	4.4	81,588	4.5
Public Administration.....	1,446	4.4	66,291	3.7
Total Labor Force, Employed.....	33,120	100.0%	1,793,688	100.0%

Source: American Community Survey 2012-2016.

Major Employers

The following are among the most significant employers in the Town as of April 2018:

Employer	Nature of Business	Approximate Employees	Percentage of Total Town Employment
Town of Hamden/Board of Education	Municipality	1,337	3.97%
Quinnipiac University	Education	851	2.53%
Genesis Health Care & Rehabilitation Center....	Nursing home	350	1.04%
Whitney Center	Assisted living	290	0.86%
AAA	Automobile club	265	0.79%
ACES	Special education services	261	0.78%
Stop & Shop	Food store	251	0.75%
Children's Center	Child care agency	240	0.71%
XL Care Agencies of CT	Home health care	155	0.46%
State of Connecticut, Department of Children and Families	State agency	151	0.45%
Porcelen SPECRAIL	Fence manufacturer	145	0.43%
Hamden Health Care	Nursing home	120	0.36%
Shop Rite Supermarket	Food store	115	0.34%
Amphenol Corporation	Electrical Parts Manufactur	110	0.33%
EZ Form Cable	Electrical manufacturer	75	0.22%
Atria Larson	Assisted Living	68	0.20%
Total		4,784	14.22%

Commute to Work (16 years of age and over)

	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	25,766	78.8%	1,379,406	78.3%
Car pools	2,849	8.7	143,187	8.1
Used public transportation	1,336	4.1	85,762	4.9
Walked	1,332	4.1	51,845	2.9
Used other means	337	1.0	20,266	1.2
Worked at home	1,066	3.3	81,050	4.6
Total	32,686	100.0%	1,761,516	100.0%
Mean travel to work (minutes)	24.4	–	25.7	

Source: American Community Survey 2012-2016.

Number and Value of Building Permits¹

Fiscal Year Ended 6/30	Number of Permits	Total Value
2018 ²	2,314	\$ 87,947,054
2017	2,865	35,045,600
2016	2,958	34,050,904
2015	2,778	39,283,857
2014	2,434	30,761,083
2013	2,374	27,295,387
2012	2,551	33,180,649
2011	2,147	31,204,542
2010	2,034	102,483,551
2009	1,623	71,975,422

¹ Includes residential and commercial construction

² As of 4/27/18.

Age Distribution of Housing

Year Built	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	5,103	20.0%	334,202	22.4%
1940 to 1969.....	10,341	40.5	533,202	35.7
1970 to 1979.....	3,278	12.9	200,614	13.4
1980 to 1989.....	2,869	11.2	190,755	12.8
1990 to 1999.....	2,584	10.1	113,584	7.6
2000 or 2009.....	1,149	4.5	104,308	7.0
2010 or later.....	183	0.7	17,133	1.1
Total Housing Units.....	25,507	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016.

Housing Units by Type of Structure

Housing Units	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached	14,474	56.7%	882,236	59.1%
1-unit, attached	1,116	4.4	80,639	5.4
2 units	1,792	7.0	123,152	8.2
3 or 4 units	1,583	6.2	130,686	8.7
5 to 9 units	1,157	4.5	82,581	5.5
10 to 19 units	1,286	5.0	56,858	3.8
20 or more units	4,060	15.9	125,758	8.4
Mobile home	39	0.2	11,534	0.8
Boat, RV, van, etc.	-	-	354	0.0
Total Inventory.....	25,507	100.0%	1,493,798	100.0%

Source: American Community Survey 2012-2016.

Housing Unit Vacancy Rates

Housing Units	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units	23,356	91.6%	1,354,713	90.7%
Vacant housing units	2,151	8.4	139,085	9.3
Total units	25,507	100.0%	1,493,798	100.0%
Homeowner vacancy rate	-	1.4	-	1.8
Rental vacancy rate	-	8.1	-	6.5

Source: American Community Survey 2012-2016.

Owner-occupied Housing Units

Specified Owner-Occupied Units	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	426	2.8%	24,343	2.7%
\$50,000 to \$99,000.....	425	2.8	29,703	3.3
\$100,000 to \$149,999.....	1,755	11.4	81,158	9.0
\$150,000 to \$199,000.....	3,383	22.1	139,979	15.5
\$200,000 to \$299,999.....	5,567	36.3	246,071	27.3
\$300,000 to \$499,999.....	3,071	20.0	233,345	25.9
\$500,000 or more.....	623	4.1	104,952	11.7
\$1,000,000 or more.....	85	0.6	40,672	4.5
Total.....	15,335	100.0%	900,223	100.0%
Median Value.....	\$228,200		\$269,300	

Source: American Community Survey 2012-2016.

Number and Size of Households

Household Characteristics	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Persons in households	56,017	–	3,471,703	–
Persons per household (average)	2.40	–	2.56	–
Persons per family (average)	3.09	–	3.16	–
Family households	14,210	60.8%	894,413	66.0%
Non-family households	9,146	39.2%	460,300	34.0%
All households	23,356	100.0%	1,354,713	100.0%

Family households by type

Married couple	11,086	78.0%	660,846	73.9%
Female householders, no spouse ...	2,573	18.1%	173,543	19.4%
Other	551	3.9%	60,024	6.7%
Total family households	14,210	100.0%	894,413	100.0%

Non-family households by type

Householders living alone	7,571	82.8%	378,927	82.3%
Other	1,575	17.2%	81,373	17.7%
Total non-family households	9,146	100.0%	460,300	100.0%

Source: American Community Survey 2012-2016.

Breakdown of Land Use

Land Use Category	Total Acreage	Percent
Developed.....	9,388	44.5%
Vacant.....	4,646	22.0
Open Space.....	7,086	33.5
Total.....	21,120	100.0%

SECTION IV – DEBT SECTION

**Debt Summary
As of July 26, 2018**

Outstanding Short-term Debt

Project	Amount Authorized	Outstanding Notes Due: 8/23/18
Alice Peck School	\$ 6,500,000	\$ 2,540,000
Skiff Street Bridge	8,270,000	7,070,000
Total	\$ 14,770,000	\$ 9,610,000

**Outstanding Bonded Debt
As of July 26, 2018**

Dated Date	Purpose	Interest Rate %	Original Issue	Amount Outstanding ¹	Fiscal Year of Maturity
08/15/09	Land Acquisition – Series B.....	3.50 - 5.50	\$ 4,000,000	\$ 1,325,000	2025
06/01/10	General Purpose Refunding, Series A...	3.00 - 4.00	1,584,000	256,000	2021
06/01/10	School Refunding, Series A.....	3.00 - 4.00	3,366,000	544,000	2021
06/01/10	General Purpose Refunding, Series B...	3.00 - 5.00	4,096,900	333,900	2021
06/01/10	School Refunding, Series B.....	3.00 - 5.00	3,633,100	296,100	2021
08/24/11	General Purpose.....	2.00 - 4.25	31,397,600	13,500,000	2032
08/24/11	Schools.....	2.00 - 4.25	2,602,400	2,250,000	2032
08/23/12	General Purpose.....	2.00 - 5.00	23,555,000	10,347,500	2033
08/23/12	Schools.....	2.00 - 5.00	1,150,000	517,500	2033
05/15/13	General Purpose Refunding.....	3.00 - 5.00	15,158,600	6,605,000	2026
05/15/13	Schools Refunding.....	3.00 - 5.00	14,256,400	9,830,000	2026
08/21/14	General Purpose.....	2.00 - 5.00	26,405,000	15,840,000	2035
03/10/15	Pension Bonds	4.00 - 5.20	125,000,000	118,370,000	2045
06/17/15	General Purpose Refunding.....	2.00 - 5.00	11,000,000	6,775,000	2030
06/17/15	Schools Refunding.....	2.00 - 5.00	4,545,000	1,450,000	2030
08/20/15	General Purpose, Series B.....	3.00 - 6.00	11,286,500	7,326,000	2036
08/20/15	Schools, Series B.....	3.00 - 6.00	6,673,500	4,334,000	2036
08/18/16	General Purpose.....	3.00 - 5.00	18,747,000	14,605,000	2037
08/18/16	Schools.....	3.00 - 5.00	9,788,000	7,640,000	2037
08/01/17	General Purpose Refunding.....	3.00 - 5.00	11,887,000	11,554,000	2028
08/01/17	Schools Refunding.....	3.00 - 5.00	1,318,000	1,281,000	2028
08/24/17	General Purpose	4.00 - 5.25	8,300,000	7,055,000	2038
08/24/17	Schools	4.00 - 5.25	3,210,000	2,720,000	2038
06/27/18	General Purpose	6.00	8,540,000	8,550,000	2039
06/27/18	Schools	6.00	2,860,000	2,850,000	2039
Total Outstanding Bonded Debt.....			\$ 354,360,000	\$ 256,155,000	
This Issue					
07/26/18	Series A - General Purpose Refunding..	5.00	\$ 7,425,000	\$ 7,425,000	2031
07/26/18	Series A - Schools Refunding.....	5.00	3,180,000	3,180,000	2031
07/26/18	Series B - GP Refunding - Taxable.....	3.613 - 5.00	23,565,000	23,565,000	2030
07/26/18	Series B - Schools Refunding - Taxable.	3.613 - 5.00	10,095,000	10,095,000	2030
Total This Issue.....			44,265,000	44,265,000	
Grand Total.....			\$ 398,625,000	\$ 300,420,000	

¹ Excludes bonds refunded or defeased.

Overlapping/Underlying Debt

The Town does not have overlapping or underlying debt.

Bonded Debt Maturity Schedule As of July 26, 2018

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	This Issue: Series A	This Issue: Series B	Total Principal	Cumulative Principal Retired %
2019 ¹	\$ 2,240,000	\$ 12,058,064	\$ 14,298,064	\$ -	\$ -	\$ 2,240,000	0.7%
2020	3,975,000	11,936,500	15,911,500	-	-	3,975,000	2.1%
2021	8,360,000	11,658,759	20,018,759	-	-	8,360,000	4.9%
2022	11,095,000	11,208,593	22,303,593	-	-	11,095,000	8.5%
2023	13,825,000	10,636,490	24,461,490	-	-	13,825,000	13.1%
2024	15,195,000	9,981,037	25,176,037	-	1,040,000	16,235,000	18.6%
2025	15,050,000	9,324,421	24,374,421	-	1,450,000	16,500,000	24.0%
2026	14,965,000	8,687,565	23,652,565	-	2,355,000	17,320,000	29.8%
2027	12,100,000	8,065,786	20,165,786	-	6,115,000	18,215,000	35.9%
2028	12,285,000	7,477,233	19,762,233	-	6,890,000	19,175,000	42.3%
2029	11,880,000	6,918,481	18,798,481	-	8,265,000	20,145,000	49.0%
2030	12,055,000	6,368,646	18,423,646	1,525,000	7,545,000	21,125,000	56.0%
2031	11,640,000	5,819,619	17,459,619	9,080,000	-	20,720,000	62.9%
2032	11,835,000	5,277,915	17,112,915	-	-	11,835,000	66.8%
2033	10,290,000	4,769,349	15,059,349	-	-	10,290,000	70.3%
2034	9,270,000	4,309,948	13,579,948	-	-	9,270,000	73.3%
2035	9,495,000	3,860,908	13,355,908	-	-	9,495,000	76.5%
2036	8,410,000	3,432,404	11,842,404	-	-	8,410,000	79.3%
2037	7,770,000	3,035,741	10,805,741	-	-	7,770,000	81.9%
2038	6,620,000	2,665,064	9,285,064	-	-	6,620,000	84.1%
2039	6,340,000	2,323,160	8,663,160	-	-	6,340,000	86.2%
2040	6,045,000	1,998,750	8,043,750	-	-	6,045,000	88.2%
2041	6,365,000	1,676,090	8,041,090	-	-	6,365,000	90.3%
2042	6,705,000	1,336,270	8,041,270	-	-	6,705,000	92.6%
2043	7,065,000	978,250	8,043,250	-	-	7,065,000	94.9%
2044	7,440,000	601,120	8,041,120	-	-	7,440,000	97.4%
2045	7,840,000	203,840	8,043,840	-	-	7,840,000	100.0%
Total.....	\$ 256,155,000	\$ 156,610,001	\$ 412,765,001	\$ 10,605,000	\$ 33,660,000	\$ 300,420,000	

¹ Excludes \$1,235,000 principal payments and \$20,069 of interest payments made from July 1, 2018 through July 26, 2018.

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

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or 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 sewer notes issued in anticipation of state and/or federal grants. If 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 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).

**Statement of Statutory Debt Limitation
As of July 26, 2018**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2017	\$ 172,021,243
Reimbursement For Revenue Loss (Tax relief for elderly).....	-
Base for Debt Limitation Computation.....	\$ 172,021,243

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$ 387,047,797	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	774,095,594	-	-	-
3 3/4 times base.....	-	-	645,079,661	-	-
3 1/4 times base.....	-	-	-	559,069,040	-
3 times base.....	-	-	-	-	516,063,729
Total Debt Limitation.....	\$ 387,047,797	\$ 774,095,594	\$ 645,079,661	\$ 559,069,040	\$ 516,063,729

Indebtedness:					
Bonds Outstanding	\$ 104,072,400	\$ 33,712,600	\$ -	\$ -	\$ 118,370,000
Bonds – This Issue.....	30,990,000	13,275,000	-	-	-
Outstanding Notes	7,070,000	2,540,000	-	-	-
Overlapping/Underlying Debt.....	-	-	-	-	-
Debt Authorized But Unissued.....	2,003,321	54,105,000	-	-	-
Total Net Indebtedness.....	\$ 144,135,721	\$ 103,632,600	\$ -	\$ -	\$ 118,370,000

DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....	\$ 242,912,076	\$ 670,462,994	\$ 645,079,661	\$ 559,069,040	\$ 397,693,729
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Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$1,204,148,701

**Authorized but Unissued Debt
As of July 26, 2018**

<u>Project</u>	<u>Amount Authorized</u>	<u>Expected Grants</u>	<u>Previously Bonded</u>	<u>Outstanding Notes Due: 8/23/18</u>	<u>This Issue Bonds</u>	<u>Authorized But Unissued Debt</u>
Debt Refunding	\$ 44,500,000	\$ -	\$ -	\$ -	\$ 44,265,000	\$ 235,000
Alice Peck School	6,500,000	2,540,000	-	2,540,000	-	3,960,000
Skiff Street Bridge	8,270,000	7,070,000	1,196,679	7,070,000	-	3,321
Emergency Tornado Damage Remediation	2,000,000	-	-	-	-	2,000,000
West Woods Elementary School	24,180,000	12,360,000	-	-	-	24,180,000
Shepherd Glen School	25,965,000	16,785,000	-	-	-	25,965,000
Total	\$ 66,915,000	\$ 38,755,000	\$ 1,196,679	\$ 9,610,000	\$ -	\$ 56,108,321

**Current Debt Statement
As of July 26, 2018**

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 135,062,400
Schools	46,987,600
Pension.....	118,370,000
Total Long-Term Debt	300,420,000
Short-Term Debt	9,610,000
Direct Debt	310,030,000
Overlapping/Underlying Debt	-
Total Overall Debt	310,030,000
Less: School Construction Grants Receivable (as of June 30, 2018)	-
Total Overall Net Debt	\$ 310,030,000

**Current Debt Ratios
As of July 26, 2018**

Population (2016) ¹	61,476
Net Taxable Grand List (10/1/17)	\$3,875,829,000
Estimated Full Value (70%).....	\$5,536,898,571
Equalized Grand List (10/1/15) ²	\$5,521,880,061
Money Income per Capita (2016) ¹	\$35,963

	Total Overall Debt	Total Overall Net Debt
Per Capita.....	\$5,043.11	\$5,043.11
Ratio to Net Taxable Grand List.....	8.00%	8.00%
Ratio to Estimated Full Value.....	5.60%	5.60%
Ratio to Equalized Grand List.....	5.61%	5.61%
Debt per Capita to Money Income per Capita (2016)....	14.02%	14.02%

¹ American Community Survey 2012-2016

² Office of Policy and Management, State of Connecticut.

Five-year Debt Statement Summary

	2016-17	2015-16	2014-2015	2013-2014	2012-2013
Population.....	61,476	61,605	61,468	60,900	60,900
Net taxable grand list	\$3,864,173,000	\$3,864,777,000	\$4,075,941,000	\$4,072,871,372	\$4,061,234,000
Estimated full value	\$5,521,110,000	\$5,521,110,000	\$5,822,772,857	\$5,818,387,674	\$5,801,762,857
Equalized net taxable grand list ..	\$5,521,880,061	\$5,469,363,955	\$5,513,135,592	\$5,754,354,481	\$5,754,354,481
Per capita income	\$35,963	\$34,419	\$33,888	\$34,596	\$34,596
Long-term debt	\$ 285,690,000	\$ 268,885,000	\$ 262,175,000	\$ 119,040,000	\$ 129,975,000
Short-term debt	21,120,000	23,335,000	17,960,000	28,905,000	17,960,000
Total Overall Debt	\$ 306,810,000	\$ 292,220,000	\$ 280,135,000	\$ 147,945,000	\$ 147,935,000

Five-year Debt Statement Summary Ratios

Overall debt:	2016-17	2015-16	2014-15	2013-2014	2012-2013
Per Capita	\$4,990.73	\$4,743.45	\$4,557.41	\$2,426.92	\$2,565.29
To Net Taxable Grand List	7.94%	7.56%	6.87%	3.63%	3.84%
To Estimated Full Value	5.56%	5.29%	4.81%	2.54%	2.69%
To Equalized Net Taxable Grand List.....	5.56%	5.34%	5.08%	2.57%	2.72%
Debt Per Capita to Per Capita Income...	13.88%	13.78%	13.45%	7.02%	7.41%

**Comparison of Annual Debt Service
to General Fund Expenditures**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures¹	Ratio of Total Debt Service to General Fund Expenditures
2018 ²	\$ 20,894,837	\$ 226,043,215	9.24%
2017	20,325,784	238,276,320	8.53%
2016	22,139,790	222,551,036	9.95%
2015	14,183,868	208,005,986	6.82%
2014	16,213,367	207,944,664	7.80%
2013	16,280,508	201,069,301	8.10%
2012	15,339,245	189,196,483	8.11%
2011	4,333,809	184,639,339	2.35%
2010	13,514,084	181,852,150	7.43%

¹ Includes transfers out.

² Subject to audit.

Source: Town of Hamden Finance Department.

Authority to Incur Debt

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town's Charter. Pursuant to Section 10-9 of the Charter, borrowing for capital projects that will cause the related debt service of the Town to exceed ten percent (10%) of the then current fiscal year's budget and borrowing for non-capital projects (e.g., the pension plans) that will cause the related debt service of the Town to exceed four percent (4%) of the then current year's budget shall be submitted to binding referendum.

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SECTION V – FINANCIAL SECTION

**Taxable Grand List
(\$ in thousands)**

Grand List As Of 10/1	Residential Real Property %	Commercial and Industrial Real Property %	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
2017	65.25%	20.11%	4.82%	8.47%	\$ 3,931,878	\$ 56,049	\$ 3,875,829	0.30%
2016	65.53	21.71	4.55	8.21	3,913,253	49,080	3,864,173	-0.02%
2015 ²	65.76	21.59	4.42	8.23	3,913,423	48,646	3,864,777	-5.04
2014	68.71	19.65	3.98	7.66	4,120,910	50,991	4,069,919	0.03
2013 ¹	68.75	19.67	3.94	7.64	4,119,729	50,982	4,068,747	0.18
2012	68.91	19.61	3.90	7.57	4,111,323	50,089	4,061,234	0.31
2011	69.09	19.53	3.76	7.62	4,101,879	53,113	4,048,766	0.64
2010 ²	69.53	19.46	3.76	7.25	4,078,676	55,838	4,022,838	-6.68
2009	72.84	16.99	3.62	6.55	4,355,185	44,520	4,310,665	0.09
2008	73.10	16.70	3.60	6.60	4,349,444	42,671	4,306,773	-0.08

¹ Income and Expense Penalty of \$4,276,837 removed from 2013 Grand List amount.

² Revaluation.

Source: Town of Hamden, Assessor's Office.

Major Taxpayers

Name of Taxpayer	Business	Taxable Valuation As of 10/1/17	Percent of Net Taxable Grand List ¹
Whitney Center	Elderly Health Care Facility	\$ 62,650,350	1.62%
Baker Hamden LLC	Apartments	55,931,890	1.44
Broadmoor 1 LLC Et Al.....	Apartments	34,848,590	0.90
Hamden Developers LLC	Apartments	34,223,070	0.88
Sermonte Associates	Apartments	29,132,530	0.75
Northington Hamden Investors LLC	Retail	23,466,310	0.61
MC Corporation	Retail	21,108,430	0.54
Hamden Plaza Associates	Retail	15,241,100	0.39
Quinnipiac University	Education	12,894,280	0.33
Sutton Views LLC	Apartments (Condos)	11,979,030	0.31
Total.....		\$ 301,475,580	7.78%

¹ Based on the Net Taxable Grand List of October 1, 2017 of \$3,875,829,000.

Source: Town of Hamden, Assessor's Office.

Tax Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Mill Rate	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 6/30/2017
2016	2018	45.26	\$ 180,458,992			
2015 ¹	2017	45.36	164,933,109	98.7	1.3	1.30%
2014	2016	40.87	162,702,112	98.6	1.4	1.31
2013	2015	39.93	161,657,046	98.7	1.3	0.53
2012	2014	38.94	157,577,658	98.6	1.4	0.40
2011	2013	37.14	150,149,003	98.5	1.5	0.32
2010 ¹	2012	34.77	138,966,450	98.5	1.5	0.26
2009	2011	31.16	133,375,296	98.4	1.6	0.14
2008	2010	29.41	126,148,748	98.4	1.6	0.12
2007	2009	29.42	126,857,937	98.7	1.3	0.06

IN COLLECTION

¹ Revaluation.

Source: Town of Hamden, Tax Collector

Property Taxes Revenues

The Town's budget for fiscal year 2017–18 derives 77% of its annual revenues through a direct property tax. The following table summarizes recent tax revenues as a percentage of total revenue.

Fiscal Year Ended June 30	Tax Revenues as % of Total Revenues
2018 ¹	77.13%
2017	73.16
2016	76.63
2015	78.65
2014	75.39
2013	74.21
2012	74.34
2011	72.74
2010	72.78
2009	71.03

¹ Subject to audit.

The comparative balance sheets, statements of revenues, expenditures, and changes in fund balance for the General Fund and other financial information presented herein are derived from audited financial statements for fiscal years ended June 30, 2013 through 2017. See Appendix A – “Auditor’s Section” herein.

Comparative Balance Sheets – General Fund

Assets:	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013
Cash and Cash Equivalents.....	\$ 45,986,010	\$ 33,775,975	\$ 24,303,396	\$ 24,543,152	\$ 26,780,644
Property Taxes Receivable.....	-	-	-	-	-
Intergovernmental Receivables	-	-	7,510,307	9,062,295	11,803,117
Receivables, net	10,268,312	8,745,884	-	-	-
Due from Other Funds.....	5,458,140	6,188,478	4,368,282	3,065,406	2,653,585
Total Assets	61,712,462	48,710,337	36,181,985	36,670,853	41,237,346
Liabilities:					
Accounts and Other Payables.....	7,207,715	7,880,776	3,462,812	1,989,541	7,882,924
Unearned Revenues.....	-	-	-	8,473,789	8,282,451
Deferred Revenue	-	-	-	-	-
Due to Other Funds.....	37,597,235	25,846,989	18,127,283	21,428,997	22,112,634
Payments In Advance.....	-	-	-	2,561,187	1,270,268
Total Liabilities	44,804,950	33,727,765	21,590,095	34,453,514	39,548,277
Liabilities:					
Payments In Advance.....	5,863,853	4,561,021	406,975	-	-
Unearned Revenues.....	8,065,896	7,460,850	11,141,163	-	-
Total Deferred Inflows	13,929,749	12,021,871	11,548,138	-	-
Fund Balances:					
Unassigned.....	1,193,169	2,960,701	3,043,752	2,216,205	1,687,935
Assigned.....	-	-	-	1,135	1,135
Restricted.....	781,560	-	-	-	-
Committed.....	1,003,034	-	-	-	-
Reserved for Encumbrances.....	-	-	-	-	-
Reserved for Subsequent Year's Budget...	-	-	-	-	-
Unreserved and Undesignated.....	-	-	-	-	-
Total Fund Balances	2,977,763	2,960,701	3,043,752	2,217,340	1,689,070
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 61,712,462	\$ 48,710,337	\$ 36,181,985	\$ 36,670,854	\$ 41,237,347
Operating revenues	\$217,509,730	\$ 217,509,730	\$ 206,809,203	\$ 208,952,934	\$ 200,852,851
Fund balance as percent of operating revenues	1.37%	1.36%	1.47%	1.06%	0.84%

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**Adopted Budget for Fiscal 2017-18, Projected for Fiscal 2017-18,
and Council Adopted Budget for Fiscal Year 2018-19 Projections**

	<u>2017-18 Budget</u>	<u>2017-18 Projected</u>	<u>2018-19 Council Adopted</u>
Revenues			
Taxes	\$ 174,353,678	\$ 174,353,678	\$ 186,690,628
Intergovernmental	37,481,535	31,381,535	31,860,621
Departmental revenues ...	<u>14,208,002</u>	<u>14,208,002</u>	<u>12,970,803</u>
Total revenues	\$ 226,043,215	\$ 219,943,215	\$ 231,522,052
Expenditures			
General government.....	\$ 10,567,898	\$ 9,467,898	\$ 10,769,590
Public safety	29,333,531	29,333,531	29,437,704
Public works	11,769,500	11,769,500	11,475,426
Culture and recreation	3,072,847	3,072,847	3,095,770
Health and welfare	1,651,529	1,651,529	1,744,401
Employee benefits	64,253,073	59,253,073	70,998,916
Debt service	20,894,837	20,894,837	16,400,245
Board of Education	<u>84,500,000</u>	<u>84,500,000</u>	<u>87,600,000</u>
Total expenditures	\$ 226,043,215	\$ 219,943,215	\$ 231,522,052
Excess of revenues over expenditures.....	\$ -	\$ -	\$ -

Based on audited results, the fund balance for June 30, 2017 totals \$2,977,763 and unassigned fund balance totals \$1,193,169.

	<u>6/30/2017 Actual</u>	<u>6/30/2018 Projected</u>	<u>6/30/2019 Budget</u>
Total fund balance as percent of operating revenues	1.37%	1.32%	1.28%
Unassigned fund balance as % of operating revenues	0.55%	1.32%	1.28%

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**General Fund Revenues, Expenditures and Changes in Fund Balance
(GAAP Basis)**

	Adopted Budget² 2018-19	Adopted Budget² 2017-18	Actual¹ 2016-17	Actual¹ 2015-16	Actual¹ 2014-15	Actual¹ 2013-14
Revenues:						
Property Taxes	\$ 185,433,727	\$ 174,353,678	\$ 172,050,778	\$ 166,677,729	\$ 162,646,202	\$ 157,520,523
Licenses, Permits, and Fees.....		-	-	-	-	-
Intergovernmental	31,573,932	37,481,535	55,444,646	44,146,760	37,141,207	43,373,808
Charges for Services	9,495,369	7,800,569	6,567,295	5,459,071	5,267,502	5,054,413
Investment Income.....	351,500	180,000	282,741	156,928	109,947	79,206
Other	4,887,433	6,227,433	821,660	1,069,242	1,644,345	2,924,984
Total Revenues	231,741,961	226,043,215	235,167,120	217,509,730	206,809,203	208,952,934
Expenditures:						
Current:						
Education.....	86,350,000	84,500,000	103,125,849	94,446,338	84,858,213	91,700,269
General Government.....	9,003,307	10,567,898	9,026,168	9,306,122	8,448,513	9,876,460
Public Safety.....	30,370,397	29,333,531	28,333,828	27,485,639	26,975,603	24,291,467
Public Works.....	12,159,445	11,769,500	11,994,468	11,811,930	12,000,404	12,000,310
Health and Welfare.....	1,698,756	1,651,529	1,607,929	1,172,390	1,699,785	1,617,268
Culture and Recreation.....	3,010,895	3,072,847	2,914,609	2,471,994	2,742,750	2,560,646
Employee Benefits	72,998,916	64,253,073	60,947,685	53,716,833	57,096,850	49,684,877
Other.....	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service.....	16,150,245	20,894,837	20,325,784	22,139,790	14,183,868	16,213,367
Total Expenditures	231,741,961	226,043,215	238,276,320	222,551,036	208,005,986	207,944,664
Revenues over (under) expenditures	-	-	(3,109,200)	(5,041,306)	(1,196,783)	1,008,270
Other Financing Sources Uses:						
Refunding Bond Proceeds.....	-	-	-	-	-	-
Bond Premium	-	-	892,679	2,195,000	987,071	-
Payments to Escrow Agent	-	-	-	-	-	-
Operating Transfers In	-	-	2,233,583	363,255	1,037,259	-
Operating Transfers (Out)	-	-	-	-	-	(480,000)
Total other Financing Sources (uses)	-	-	3,126,262	2,558,255	2,024,330	(480,000)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ -	\$ -	\$ 17,062	\$ (2,483,051)	\$ 827,547	\$ 528,270
Fund Balance, July 1.....	\$ 2,977,763	\$ 2,977,763	\$ 2,960,701	\$ 5,443,752 ³	\$ 2,217,340	\$ 1,689,070
Restatement	-	-	-	-	(1,135)	-
Fund Balance, June 30.....	\$ 2,977,763	\$ 2,977,763	\$ 2,977,763	\$ 2,960,701	\$ 3,043,752	\$ 2,217,340

¹ GAAP Basis of accounting.

² Budgetary Basis of accounting.

³ Fund Balance was restated from 6/30/15 based on how the bond premium was treated.

Intergovernmental Revenues as a Percent of General Fund Revenues

<i>Fiscal Year</i> <i>Ended 6/30</i>	<i>Intergovernmental</i> <i>Revenues</i>	<i>Total</i> <i>Revenues</i>	<i>Percent</i>
2019 ¹	\$ 31,573,932	\$ 231,741,961	13.6%
2018 ²	37,481,535	226,043,215	16.6%
2017	55,444,646	235,167,120	23.6%
2016	44,146,760	217,509,730	20.30
2015	37,141,207	208,809,203	17.79
2014	43,373,808	208,952,934	20.76
2013	45,338,028	200,852,851	22.57
2012	42,518,172	188,285,326	22.58
2011	44,696,470	183,436,468	24.37
2010	40,619,842	173,070,065	23.47

¹ Budgeted.

² Subject to audit.

Source: Annual Audited Financial Statements.

Capital Improvement Program

<i>Purpose</i>	<i>Fiscal</i> <i>2017-18</i>	<i>Fiscal</i> <i>2018-19</i>	<i>Fiscal</i> <i>2019-20</i>	<i>Fiscal</i> <i>2020-21</i>	<i>Fiscal</i> <i>2021-22</i>	<i>Fiscal</i> <i>2022-23</i>	<i>Total</i>
Animal Control	\$ 100,000	\$ 345,000	\$ -	\$ -	\$ -	\$ -	\$ 445,000
Assessor	-	-	1,200,000	-	-	-	1,200,000
Community Services	175,000	175,000	125,000	175,000	175,000	175,000	1,000,000
Economic Department	310,000	15,000	220,000	10,000	200,000	-	755,000
Elderly Services	80,000	-	-	-	-	-	80,000
Engineering	2,090,000	1,746,000	3,260,000	1,510,000	695,000	1,360,000	10,661,000
Finance	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
Fire	4,969,400	190,000	90,000	50,000	125,000	330,000	5,754,400
Information Technology	505,000	345,000	225,000	225,000	225,000	225,000	1,750,000
Library	245,000	360,000	20,000	10,000	20,000	-	655,000
Mayor's Office	600,000	850,000	500,000	500,000	500,000	500,000	3,450,000
Parks	250,000	200,000	300,000	100,000	100,000	100,000	1,050,000
Planning & Zoning	25,000	50,000	-	-	-	-	75,000
Police	650,000	340,000	260,000	400,000	100,000	300,000	2,050,000
Public Works	4,880,000	4,190,000	3,740,000	3,450,000	4,610,000	3,410,000	24,280,000
Purchasing	420,000	250,000	10,000	60,000	1,050,000	1,010,000	2,800,000
Town Clerk	30,000	-	-	-	-	-	30,000
Traffic	1,485,000	1,535,000	1,585,000	1,635,000	1,685,000	1,685,000	9,610,000
Education	3,931,800	13,406,150	2,501,821	1,776,700	624,500	393,000	22,633,971
Total	\$ 21,246,200	\$ 24,497,150	\$ 14,536,821	\$ 10,401,700	\$ 10,609,500	\$ 9,988,000	\$ 91,279,371

<i>Funding</i>	<i>Fiscal</i> <i>2017-18</i>	<i>Fiscal</i> <i>2018-19</i>	<i>Fiscal</i> <i>2019-20</i>	<i>Fiscal</i> <i>2020-21</i>	<i>Fiscal</i> <i>2021-22</i>	<i>Fiscal</i> <i>2022-23</i>	<i>Total</i>
G.O. Bonds.....	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 9,988,000	\$ 59,988,000
Grants.....	-	-	-	-	-	-	-
Other.....	11,246,200	14,497,150	4,536,821	401,700	609,500	-	31,291,371
Total Funding Sources.....	\$ 21,246,200	\$ 24,497,150	\$ 14,536,821	\$ 10,401,700	\$ 10,609,500	\$ 9,988,000	\$ 91,279,371

The Town expects to fund its Capital Improvement Program from a combination of bonds, grants and leases.

Future Debt Issuance Plans

The Town expects no major capital needs for the next three to five years though the Town plans to issue roughly \$10 to \$12 million annually for general capital needs over the next five years. The Town has \$9,610,000 of outstanding short-term notes that mature in August 2018. The Town's outstanding notes are expected to eventually be repaid with grants and are not expected to be bonded. The Town plans to roll over portions of the short-term notes into a new note issue while waiting for grant revenues to pay down the note. The Town also plans to issue \$2 million of BANs for Emergency Tornado Damage Remediation in August 2018.

Budget Procedure

The Town adheres to the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided by the Legislative Council which is responsible for approving annual budgets, approving all other Town appropriations and determining the tax rate. The annual budget-making process for the Town is outlined in Chapter X of the Town Charter. The timetable is established annually but all actions must be completed at least 45 days prior to the beginning of each fiscal year based upon a budget submitted by the Mayor. The process is detailed below:

<u>On or About</u>	<u>Action</u>
By February 23	Departments, office, boards, and commissions submit estimates of receipts and expenditures to the Mayor and Director of Finance.
By March 18	The Mayor submits the budget to the Legislative Council not later than 105 days before the end of the fiscal year.
By May 1	The Legislative Council holds one or more public hearings to obtain taxpayer comments no later than 60 before the beginning of the fiscal year.
By May 17	The Legislative Council adopts the budget not later than 45 days before the beginning of the fiscal year.
July 1	The new fiscal year begins.

All unencumbered appropriations lapse at year-end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The audit is conducted in compliance with Public Act 77-611 and contains the financial statements of the Town and the auditor’s opinion thereon, in addition to specific comments and recommendations.

Assessment Practices

The Town completed a statistical revaluation on the Grand List of October 1, 2015. A physical revaluation is required every ten years with five-year revaluation updates in between physical revaluations. The next revaluation, which will be a physical revaluation, is scheduled for October 1, 2020.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the Grand List is the responsibility of the Assessor’s Office. The Grand List represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current Grand List are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor’s Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The City’s motor vehicle tax rates for the current 2016 assessment year is 32.00 mills.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July. Bills for this supplemental list are issued the following January, eighteen months after the Grand List date.

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 (8%) of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at six percent (6%) per annum, 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.

Property Tax Levies and Collections

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real, personal property and motor vehicle taxes are billed in the following July and are payable in two installments on July 1 and January 1, except any tax under \$250 which is payable in full on July 1. Motor vehicle supplemental bills are payable on January 1. A significant estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are considered uncollectible fifteen years after the due date in accordance with Connecticut General Statutes, Section 12-164.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days of the close of the fiscal year) are to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue on the Town's financial statements. 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.

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the "expenditure cap"). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For fiscal years ending June 30, 2018 and June 30, 2019, the Town will receive municipal revenue sharing grant moneys from the State in the amount of \$ 2,155,661 for each year.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

Investment Practices

Under the Town Charter and under Connecticut General Statutes Sections 7-400, 7-401 and 7-402, and under an Investment Policy (the "Policy") implemented by the finance office, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town's investment practices have been to invest only in certificates of deposit, repurchase agreements and the State of Connecticut Short Term Investment Fund. All investments are to be approved by the Director of Finance. The Director of Finance has followed these investment practices, and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) overnight repurchase agreements with specified banks collateralized by U.S. agency obligations such as the Federal Home Loan Mortgage Corporation which are valued daily; and (2) overnight U.S. Treasury obligations. Under the Policy, there are set investment limits for each bank named as a public depository, depending on each bank's financial performance. Quarterly public depository financial statements are reviewed to determine that the risk-based capital ratio of any bank does not fall below 4%.

All Town pension funds are invested in mutual funds and securities as determined by the pension fund administrators. Board of Education pension funds are invested in a cost-sharing, multiple-employer public employees retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities.

Risk Management

The Town and the Board of Education are exposed to various risks of loss related to public official liability, employee health and medical, police professional liability, theft or impairment of assets, errors or omissions, injury to employees, natural disasters, and owners and contractors protective liability.

The Town and the Board of Education purchase commercial insurance for all risks of loss other than employee medical and heart and hypertension. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

The Town currently is a member in 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 Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation, auto liability, general liability, public officials liability, school leaders liability, police professional liability, umbrella and property insurance. CIRMA currently has 233 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims for claims from July 1, 1999 to June 30, 2009. The Board of Education was also covered by CIRMA on a fully insured basis for this same period of time.

The Town and Board of Education also maintain coverage for claims in excess of the CIRMA liability limits through a policy issued by American International Group (AIG).

Beginning on July 1, 2009, the Town and Board of Education became self-insured for Workers' Compensation coverage. The program was reinsured through New York Marine & General Insurance Company. The Town retains the first \$500,000 of each loss. PMA of Connecticut serves as the Claims Administrator for the program.

Beginning on July 1, 2010, the Town and Board of Education changed the carrier for the Excess Worker's Compensation coverage to Safety National Insurance Company.

The self-insurance programs for medical insurance are being administered by a third-party administrator ("the administrator") and are reported as an internal service fund. The third party administrator is Anthem Blue Cross and Blue Shield of Connecticut. Medical insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

Pension Plans

The Town maintains the Employees Retirement Plan of the Town (the “Town’s Retirement Plan” or the “Plan”), a single-employer, defined benefit public employee retirement system. The Plan was established by the Town in 1949 and covers all full-time Town employees who are members of the police or fire departments (“Guardian employees”) hired prior to July 1, 2006 and all other full-time employees (“Service employees”) hired prior to July 1, 2007. Current and former employees covered by the Connecticut State Teachers Retirement System are not part of the Plan. The Plan is governed by an eleven-member board composed of two Guardian employees, two Service employees, one member of the Plan who is not a member of a bargaining unit, four persons who are not members of the Plan, the Mayor and the Finance Director. As of July 1, 2017, the date of the most recent valuation, 742 retired participants and beneficiaries, 24 vested former participants and 370 active participants are in the Town’s Retirement Plan.

Effective July 1, 2007, the Town closed the Plan and all new hires, except those in the Connecticut State Teachers Retirement System, are enrolled in the Connecticut Municipal Employees Retirement System (“CMERS”). CMERS is a defined benefit plan administered by the State Retirement Commission. The State Treasurer’s office is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The Town currently has 31 Guardian employees and 37 Service employees enrolled in CMERS. CMERS is funded by employee and employer contributions at rates set by the State Retirement Commission to fund the remaining costs. The Town also contributes towards the administrative costs of CMERS. As of June 30, 2014, CMERS was 87.8% funded. For fiscal year 2017-18, the Town contributes 11.38% and 14.98% of participants pay to CMERS for Service and Guardian employees, respectively; these rates will remain the same for the fiscal year ending June 30, 2019. CMERS does not provide unfunded information for participating employers, but the Town’s estimated unfunded liability to CMERS was approximately \$15,411,097 as of June 30, 2017, based on the Town’s proportionate share of 4.63%.

The following table represents recent Town funding payments for the Plan and CMERS.

Fiscal Year Ended 6/30	Plan	CMERS	Total
2009.....	\$ 12,500,000	\$ 165,698	\$12,665,698
2010.....	12,500,000	205,572	12,705,572
2011.....	6,550,000	499,995	7,049,995
2012.....	3,040,000	636,584	3,676,584
2013.....	9,340,000	923,474	10,263,474
2014.....	12,500,000	1,110,466	13,610,466
2015.....	14,768,025	1,700,000	16,468,025
2016.....	12,100,000	2,219,517	14,319,517
2017.....	15,750,000	1,900,000	17,650,000
2018*.....	12,650,000	2,000,000	14,650,000
2019*.....	22,651,416	2,800,000	25,451,416

**Pursuant to the Pension Statute, which was revised for the Town in May 2018, the Town is required to contribute 55% of the ARC for fiscal 2018, 70% of the ARC or an amount \$3,000,000 more than the prior year, whichever is less, for fiscal 2019, 85% of the ARC or an amount \$3,000,000 more than the prior year, whichever is less, for fiscal 2020, and 100% of the ARC for fiscal 2021 and thereafter. For fiscal 2019, the Town has budgeted for 100% of the ARC in the Town Council approved budget.*

The certified teaching faculty and administrative personnel of the Town participate in the Connecticut State Teachers Retirement System, administered by the Connecticut State Teachers Retirement Board. This is a noncontributory multiple-employer Public Employer Retirement System. The Town does not contribute to the plan nor does it have any legal obligation for benefit payments.

General Funding Practices of the Town’s Retirement Plan

Since the issuance of the Town’s General Obligation Bonds, Issue of 2015 (Federally Taxable) (the “2015 POBs”), actuarial valuations of the Town’s Retirement Plan are performed as of July 1 on an annual basis. The actuarial valuation uses recognized methods to calculate the actuarial value of assets and the actuarial accrued liability of the Plan. The most recent actuarial valuation as of July 1, 2017 was prepared by Segal Consulting, the Town’s actuary (the “Actuary”). The valuation was posted on the Electronic Municipal Market Access (“EMMA”) website under “Other Financial/Operational Data” on May 4, 2018.

Participant Data

The actuarial valuation and review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries. The Plan has been closed to new entrants since 2007 for Service employees and 2006 for Guardian employees and therefore the number of active participants is declining. The average age, service, and salary of the active population in the Plan are increasing. In the July 1, 2017 actuarial valuation, there were 370 active participants with an average age of 52.1, average credited service of 17.6 years and average salary of \$72,446. The 408 active participants in the July 1, 2016 actuarial valuation had an average age of 52.0, average service of 16.8 years and average salary of \$69,601. There were 24 participants with a vested right to a deferred or immediate vested benefit as of July 1, 2017, and 24 as of July 1, 2016. In the July 1, 2017 actuarial valuation, there were 624 retired participants and 118 beneficiaries receiving total monthly benefits of \$2,146,407. For comparison, in the July 1, 2016 actuarial valuation, there were 609 retired participants and 113 beneficiaries receiving total monthly benefits of \$2,049,798. The retired participant count in the July 1, 2017 actuarial valuation includes 85 participants receiving a disability pension. For the July 1, 2016 actuarial valuation, there were 85 participants receiving a disability pension.

Financial Information

Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, there is an asset valuation method in place that gradually adjusts the actuarial value of assets to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value. Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Retirement Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

Actuarial Experience

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions.

The actual experience that is compared against the assumptions include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

If the overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss). Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single years' experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience. If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The following chart summarizes the Retirement Plan's gains and losses, as identified in the last seven actuarial valuations. Gains and losses of 1% or less per year are considered not to be significant. As can be seen in the chart, the gains and losses attributable to non-investment sources have been below this threshold.

Ending June 30	Actuarial Accrued Liability (AAL)	Investment Gain/(Loss)		Non-Investment Gain/(Loss)		Total Actuarial Gain/(Loss)	
	Amount (in \$)	Amount (in \$)	% of AAL	Amount (in \$)	% of AAL	Amount (in \$)	% of AAL
2008	\$303,003,978	(\$45,497)	-0.02%	\$4,164,371	1.37%	\$4,118,874	1.36%
2010	323,748,595	(11,813,294)	-3.65%	(617,479)	-0.19%	(12,430,773)	-3.84%
2012	419,266,994	(7,028,682)	-1.68%	(6,804,497)	-1.62%	(13,833,179)	-3.30%
2014	452,501,230	943,270	0.21%	(2,736,035)	-0.60%	(1,792,765)	-0.40%
2015	454,439,941	416,880	0.09%	10,753,874	2.37%	11,170,754	2.46%
2016	441,521,657	3,663,473	0.83%	1,393,565	0.32%	5,057,038	1.15%
2017	451,720,219	1,749,029	0.39%	(215,775)	-0.05%	1,533,254	0.34%

Funding Status of the Town's Retirement Plan

Payments into the Plan are made from Town and employee contributions. The table below shows Town contributions, employee contributions, net investment income, administrative expenses paid, benefits paid and the actuarial value of the Plan assets for the fiscal years ending June 30, 2018 through June 30, 2018.

Information in the tables derived from the Town's internal records, audited financial statements and information provided by the Town's actuarial consultants.

Year ended June 30	Town Contributions	Employee Contributions	Investment Return	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at end of year
2008	\$ 12,000,000	\$ 1,845,471	\$ 5,387,042	\$ 110,134	\$17,359,201	\$ 85,832,527
2009	12,500,000	1,983,963	(3,223,225)	106,880	18,101,394	78,884,991
2010	12,500,000	1,968,410	6,884,458	100,740	18,784,600	81,352,519
2011	6,550,000	2,053,140	3,232,260	113,089	19,762,293	73,312,537
2012	3,040,000	2,138,782	1,040,920	103,868	20,586,244	58,842,127
2013	9,340,000	2,153,222	2,355,295	101,595	22,346,744	50,242,305
2014	12,500,000	2,181,831	5,916,442	76,352	23,582,140	46,762,549
2015	137,071,112	2,232,056	(1,355,734)	109,273	24,325,333	163,625,550
2016	12,100,000	2,195,488	1,468,812	118,719	24,437,110	154,834,124
2017	14,747,073	2,042,495	17,069,663	102,711	24,860,542	163,730,102
2018 ¹	12,650,000	N/A	N/A	N/A	N/A	N/A

¹ Projected.

Employee contributions rates have increased as follows:

- The rate for Guardians increased from 8.00% to 8.50% of pay, effective July 1, 2013.
- The rate for Service employees increased from 6.50% to 7.00% on July 1, 2013, 7.00% to 7.50% on July 1, 2014, 7.50% to 7.75% on July 1, 2015, and from 7.75% to 8.00% of pay effective July 1, 2016.

In addition to Town and employee contributions, the Town issued the 2015 POBs on March 10, 2015. Proceeds from such bonds in the amount of \$122,303,087 were deposited into the Plan shortly after issuance. See "Strategic Plan to Fully Fund Town's Retirement Plan" that follows.

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

The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.00%) or 1 percent higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$341,740,889	\$287,990,117	\$243,135,202

Recommended Contribution

The amount of annual recommended contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. The recommended contribution for the Town’s fiscal year beginning July 1, 2014 was based on a 30-year increasing amortization with 2% annual increases expected. The 2% growth is tied to the Town’s expected budgetary increases. The 30-year period was reestablished with the 2014 valuation, in conjunction with the issuance of the 2015 POBs pursuant to the Pension Statute; pursuant to the Pension Statute, the 30-year amortization period is fixed from the date of issuance of the 2015 POBs and will decline in the future.

The Town developed a strategy to fund the Plan that meets the Pension Statute requirements and provides a level payment for all of the Town’s retirement plans in total, for ease in budgeting. Thus, after the initial ramp-up period, the Town expects to initially contribute more than 100% of the annual recommended contribution under the Pension Statute. As the CMERS cost increases, the Town’s contribution to the Plan will decrease such that the total contribution remains level.

The Town’s contribution to the Plan compared to the Plan’s actuarially recommended contribution for the Plan year ending June 30, 2009 through June 30, 2017, and projected actuarially recommended contribution for the Plan year ending June 30, 2018 and June 30, 2019 are shown below.

Year Ending	Town Contribution	Actuarially Recommended Contribution ("ARC")	Percent of ARC Contributed
June 30, 2009.....	\$12,500,000	\$18,292,735	56.4%
June 30, 2010.....	12,500,000	18,911,433	66.1
June 30, 2011.....	6,550,000	19,088,623	34.3
June 30, 2012.....	3,040,000	19,850,851	15.3
June 30, 2013.....	9,340,000	27,145,128	34.4
June 30, 2014.....	12,500,000	27,688,031	45.1
June 30, 2015.....	14,768,025	29,536,050	50.0
June 30, 2016.....	12,100,000	21,998,113	55.0
June 30, 2017.....	14,747,073	21,067,247	70.0
June 30, 2018*.....	12,650,000	21,974,384	57.6
June 30, 2019*.....	22,651,416	22,651,416	100.0

**Pursuant to the Pension Statute, which was revised for the Town in May 2018, the Town is required to contribute 55% of the ARC for fiscal 2018, 70% of the ARC or an amount \$3,000,000 more than the prior year, whichever is less, for fiscal 2019, 85% of the ARC or an amount \$3,000,000 more than the prior year, whichever is less, for fiscal 2020, and 100% of the ARC for fiscal 2021 and thereafter. For fiscal 2019, the Town has budgeted for 100% of the ARC in the Town Council approved budget.*

Actuarial valuations are performed as of July 1. The actuarial valuation uses recognized methods to calculate the actuarial value of assets and the actuarial accrued liability of the Plan. Set forth below are the actuarial accrued liabilities, the actuarial value of assets, the resulting unfunded accrued liabilities, the funded ratios on an actuarial and market basis, and the ratio of actuarial value of assets to market value of assets for the 2013 to 2017 valuations.

July 1st

	2013	2014	2015	2016	2017
Actuarial accrued liability.....	N/A	\$452,501,230	\$ 454,439,941	\$441,521,657	\$451,720,219
Actuarial value of assets.....	\$ 49,822,768	46,762,549	167,629,557	165,080,700	166,427,556
Unfunded accrued liability.....	N/A	405,738,681	286,810,384	276,440,957	285,292,663
Actuarial recommended contribution.....	\$ 27,145,128	\$27,688,031	\$ 29,536,050	\$ 21,998,113	\$ 21,067,247
Market value of assets.....	\$ 52,092,655	\$ 50,112,795	\$ 163,625,653	\$154,834,124	\$163,730,102
Funded ratio (market value).....	N/A	11.07%	36.01%	35.07%	36.25%
Funded ratio (actuarial value)...	N/A	10.33%	36.89%	37.39%	36.84%

Strategic Plan to Fully Fund the Town's Retirement Plan

To formally address the underfunding of the Retirement Plan, Hamden engaged the services of Segal Consulting in 2012 to conduct a six-month planning process designed to develop a long-term, multi-tiered program to dramatically increase the Plan's funded ratio. Experts from Segal Consulting in the areas of actuarial pension analysis, the Town's Municipal Advisor, Bond Counsel, Pension Investment Advisors and representatives from the Mayor's Office, Finance Department, Legislative Council, Union Representatives and Personnel Department were part of a working group that participated and contributed to developing the plan. The plan developed was presented to the Hamden Legislative Council and the public on January 31, 2013. This plan was posted on the EMMA website under "Consultant Reports" on April 18, 2013.

The plan for comprehensive pension reform and full funding of Hamden's Retirement Plan contains the recommendations for increased funding of the existing Plan in a fashion that yields long-term tax stability. It supplies options for a new Plan design for future employees that reduce overall retirement costs and effectively manages investment risk between the employer and the employee. It outlines the cost-of-living ("COLA") increases under the current Pension Ordinance and cost-savings that can be achieved through COLA reduction. It also identifies and implements administrative/technical changes that will provide enhanced oversight and projections for the fund. The issuance of the Town's 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) to increase the corpus of the fund is included in the Plan. Finally, a change to the fund valuation timeliness, development of a defined contribution program, and moving to a level-dollar total contribution model, for the retirement programs combined, are also part of the comprehensive pension reform package.

The Town formally took action to implement recommended changes designed to solve the pension underfunding issue. On March 10, 2015, the Town issued \$125,000,000 of general obligation pension funding bonds to help fund the Town's unfunded liability. The Town contributed \$14.8 million to the Plan in fiscal year 2014-15 and \$12.1 million in fiscal year 2015-16 and \$15.75 million for fiscal year 2016-17 and \$17.7 million for the fiscal year 2017-18. To start addressing the extraordinary cost of the COLA, the Mayor implemented a provision of the Town Retirement Ordinance that reduces the COLA payments to retirees from the 3% which had been given annually to an inflation-based COLA equal to 1.37% for 2016, 2.50% for 2017 and 2.07% for 2018. This percentage is derived from the Consumer Price Index, and the Town will use this as a metric for future COLA increases, reducing this significant pressure on the Plan.

Section 7-374c of the Connecticut General Statutes (the "Pension Statute") provides that as long as the pension deficit funding bonds are outstanding, the municipality shall (a) appropriate funds each year in an amount sufficient to meet the ARC and contribute such amount to the Retirement Plan, commencing with the fiscal year in which the pension deficit funding bonds are issued and (b) notify OPM annually of the amount of the ARC and the amount actually contributed to the Retirement Plan. The Pension Statute provides that if the municipality fails to appropriate sufficient funds to meet the ARC in any fiscal year, there shall be deemed appropriated an amount sufficient to meet such requirement, notwithstanding the provisions of any other general statute, special act or local law. Under the Pension Statute, "ARC" is defined as the annual required contribution of the municipal employer to the pension plan of the municipality, as established by the actuarial valuation and determined by an enrolled actuary in a method and using assumptions meeting the parameters established by generally accepted accounting principles, provided the amortization schedule used to determine such contribution shall be fixed and shall have a term not longer than the longer of ten years, or thirty years from the date of issuance of the pension deficit funding bonds. In the event that the funding ratio of the Plan, as determined immediately succeeding the deposit of the proceeds of the POBs, is reduced by 30% or more, the

maximum permitted term of such amortization schedule shall be reduced by the same percentage. As such, if the Town's Retirement Plan has a funding ratio of approximately 37% after the deposit of the proceeds of the Bonds, a reduction in the funding ratio to 24.8% (a 33% reduction), could trigger a reduction of the amortization schedule of 10 years, significantly increasing the Town's annual ARC payment. Such a significant increase in the Town's annual ARC payment could force the Town to seek legislative relief to avoid violating the Pension Statute requirement to appropriate and deposit the ARC to the Retirement Plan each year the pension deficit funding bonds are outstanding.

It is unclear under the Pension Statute what remedies are available if the Town fails to budget and/or deposit the ARC to the Retirement Plan. However, an "appropriation" is the legal authority to spend money within a Town budget. Although never tested, it is believed the State could obtain a judgment and require the contribution to be deposited to the Retirement Plan. In addition, the Town receives more than \$30 million of revenues from the State, which could be intercepted and deposited into the Retirement Plan.

In May 2014, the Town sponsored legislation to make funding the Retirement Plan more affordable for the Town's taxpayers. In June 2014, the Connecticut General Assembly adopted Public Act 14-217 (the "Town Pension Act"), which allows the Town to "ramp up" its ARC payments to the Retirement Plan. Pursuant to the Town Pension Act, the Town was permitted to make the following ARC payments pursuant to the Pension Statute: (i) for the fiscal year in which the pension deficit funding bonds are issued, not less than 50% of the ARC; (ii) for the first fiscal year subsequent to the year of issue of the pension deficit funding bonds, not less than 55% of the ARC or an amount equal to \$5 million more than the contribution in the prior fiscal year, whichever is less, (iii) for the second fiscal year subsequent to the year of issue of the pension deficit funding bonds, 70% of the ARC or an amount equal to \$5 million more than the contribution in the prior fiscal year, whichever is less, (iv) for the third fiscal year subsequent to the year of issue of the pension deficit funding bonds, 80% of the ARC or an amount equal to \$5 million more than the contribution in the prior fiscal year, whichever is less, and (v) for the fourth fiscal year subsequent to the year of issue of the pension deficit funding bonds and for each fiscal year thereafter, 100% of the ARC required pursuant to Pension Statute.

In May 2018, at the Town's request, the General Assembly adopted Section 2 of Public Act 18-169, which revised the Pension Statute for the Town to reduce the actuarially recommended contribution for fiscal years 2018, 2019 and 2020. The legislation allowed the Town to contribute 55% of its actuarially recommended contribution, rather than 80%, for FYE 2018, saving the Town \$5,050,000. For FYE 2019, the amendment reduces the actuarially recommended contribution to 70%, or an amount \$3,000,000 more than the prior year, whichever is less, and for FYE 2020, the amendment reduces the actuarially recommended contribution to 85%, or an amount \$3,000,000 more than the prior year, whichever is less, rather than 100% of the actuarially recommended contribution for FYE 2019 and 2020. The Town's actuarially recommended contribution for FYE 2021 and thereafter will be 100%.

For fiscal year 2017-18, the Town originally planned to contribute \$17,700,000 to the Plan, however, after the revision to the Pension Statute the Town contributed \$12,650,000. The Town Council approved budget includes a contribution of \$22,651,416 for fiscal year 2018-19, which will be 100% of the ARC.

Approximately \$122 million proceeds of the pension deficit funding bonds have been deposited in the Retirement Plan. Notwithstanding any limitations on the investment of proceeds received from the sale of bonds, notes or other obligations set forth in CGS Section 7-400, the net proceeds of the pension deficit funding bonds may be invested in accordance with the terms of the Retirement Plan, as such terms may be amended from time to time.

In addition, on an annual basis, the municipality shall provide the Secretary and the Treasurer with (i) an actuarial valuation of the Retirement Plan, (ii) any changes that have been made in the actuarial assumptions or methods, (iii) the footnote disclosure and required supplementary information disclosure required by GASB Statement No. 27 with respect to the Retirement Plan, and (iv) a review of the investments of the Retirement Plan and an analysis of performance by asset class. The Town filed its annual report with the Secretary and the Treasurer for fiscal 2017 on May 4, 2018.

Investments

The Retirement Plan’s Investment Policy, last revised in September 2012, outlines the long-term objectives, goals and guidelines of the Plan. It states the responsibilities of the Plan’s service providers and the Board in overseeing the Plan. The document establishes and defines the performance measurement criteria, permissible and restricted investments, communication policies, trading policies, proxy voting guidelines and asset allocation.

Dahab Associates, the Town's Pension Plan Consultants, provided an asset allocation study in October 2014. The study identified allocations to improve the Plan’s probability of achieving the 7.0% rate of return on both a short- and long-term basis. Recognizing the closed nature of the Plan, the exposure to less liquid asset classes was limited and allocations that are expected to have a greater likelihood of lower volatility in returns were favored.

In connection with the issuance of 2015 POBs, there was a slight shift in asset allocation. Two new asset classes, global tactical asset allocation (GTAA) and private equity real estate were introduced, while the overall exposure to domestic equity was reduced. The new target allocation of the Plan is 20% large cap equity, 10% small/mid cap equity, 10% international equity, 10% real estate, 10% GTAA; 40% bonds; and 0% cash. Based on the asset allocation study, the portfolio is expected to earn a return of 8.90% over the next 20 years with a standard deviation of 8.88%. The revised asset allocation has a greater than 61% probability of achieving the expected 7.00% actuarial rate of return.

The Plan's current allocation and the revised target allocation are detailed below:

<i>Asset Class</i>	<i>Current Allocation</i>	<i>Revised Target Allocation</i>
Large Cap Equity.....	25.80%	20%
SMID Cap Core Equity.....	14.70%	10%
International Equity.....	15.50%	10%
Real Estate.....	4.80%	10%
Global Tactical Asset Allocation....	0.00%	10%
Broad Market Bonds.....	38.70%	40%
Cash.....	0.50%	0%
Total.....	100.00%	100%

The following chart provides the 20-year historical returns for the Retirement Plan, as culled from the Town’s actuarial valuation reports completed over the last 20 years. The average annual return for the past 20 years was approximately 6.39%.

<i>Year Ended</i> <i>30-Jun</i>	<i>Market</i> <i>Return</i>	<i>Year Ended</i> <i>30-Jun</i>	<i>Market</i> <i>Return</i>
1998	23.38%	2008	-4.58%
1999	13.47%	2009	-14.64%
2000	14.57%	2010	15.61%
2001	-10.71%	2011	20.50%
2002	-9.92%	2012	0.02%
2003	2.14%	2013	9.78%
2004	9.26%	2014	14.70%
2005	9.38%	2015	-1.63%
2006	9.01%	2016	0.93%
2007	15.27%	2017	11.32%

Financial Reporting Standard

Governmental Accounting Standards Board (GASB) Statement No. 67 is effective for plan years beginning after June 15, 2013. GASB 67 generally expands the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position, and requires additional note disclosures and required supplementary information.

GASB 67 requires plans to project the expected income from contributions and investments, and outflows due to benefit payments and expenses, and the Plan's liabilities are recalculated by discounting benefits which are projected to be fully funded with the funding rate, and discounting any unfunded benefits with a 20-year bond rate. For the Town, the 2015 POBs were issued in fiscal year ending June 30, 2015, plus contributions from the Town and employees. Future contributions are assumed to be made by the Town in accordance with the Town Pension Act, and employee contributions are presumed to continue as currently specified in employee agreements. The current assets plus income from the above sources is projected to fund future benefits, and therefore there are no unfunded benefits discounted at a 20-year bond rate. As a result, the liabilities for GASB 67 reporting were calculated at a 7.00% rate, the same as the funding rate for valuation purposes.

GASB 67 requires the liabilities to be compared to the market value of assets, rather than a smoothed actuarial value. As of June 30, 2015, following the issuance of the 2015 POBs, the Plan had \$163.6 million in assets and \$454.4 million in liabilities, and thus the net pension liability was \$290.8 million. The fiduciary net position as a percentage of total pension liability was 36%. As of June 30, 2016, the Plan had \$154.8 million in assets and \$441.5 million in liabilities, and thus the net pension liability was \$286.7 million. The fiduciary net position as a percentage of total pension liability was 35%. As of June 30, 2017, the Plan had \$163.7 million in assets and \$451.7 million in liabilities, and thus the net pension liability was \$288.0 million. The fiduciary net position as a percentage of total pension liability was 36%.

Also, additional pension information including the Town's July 1, 2017 actuarial pension valuation report and a detailed pension study completed by Segal Consulting were filed on the EMMA website.

Other Post-Employment Benefits (OPEB)

The Town provides post-employment health care benefits in accordance with employee bargaining agreements to all employees who retire with at least 20 years of regular service or 10 years of service for disability retirement. As of July 1, 2016 the Town's plan consisted of 1,206 retirees and 1,240 active plan participants, which includes teachers hired after July 1, 1999. The Town provides coverage through contract carriers for retirees over 65 and a self-insurance program for retirees under 65. The Town currently pays for these services on a pay-as-you-go basis. For fiscal years 2011–12 through 2016-17, the Town's pay-as-you-go contribution is as set forth below.

The Town has complied with the requirements of Governmental Accounting Standards Board ("GASB") Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their other post-employment benefit ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Schedule of Employer Contributions

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
6/30/2017	\$ 30,833,143	\$ 14,650,000	47.5%	\$ 187,455,727
6/30/2016	35,570,962	18,377,480	51.7%	171,272,584
6/30/2015	34,567,833	17,338,134	50.2%	154,079,102
6/30/2014	34,884,722	17,669,283	50.7%	136,849,403
6/30/2013	33,920,115	16,718,841	49.3%	119,633,964
6/30/2012	33,055,026	15,847,243	47.9%	100,410,498

Schedule of Funding Progress

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded AAL Ratio (a/b)
7/1/2017	\$ -	\$ -	\$ -	-
7/1/2016	-	485,508,647	485,508,647	-
7/1/2015	-	-	-	-
7/1/2014	-	451,966,876	451,966,876	-
7/1/2013	-	-	-	-
7/1/2012	-	439,980,586	439,980,586	-
7/1/2011	-	-	-	-
7/1/2010	-	-	-	-
7/1/2009	-	344,724,721	344,724,721	-
7/1/2008	-	366,234,442	366,234,442	-

For fiscal year 2013–14 the Town established an OPEB Trust Fund to pay retiree medical claims in the future. The Town setup the OPEB trust fund in June 2014 and has deposited a total of \$450,000 to the OPEB trust fund thus far. The Town budgeted contribution of \$150,000 for fiscal 2018, and budgeted contribution of \$150,000 for fiscal 2019.

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SECTION VI – ADDITIONAL INFORMATION

Litigation

The Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. With the exception of certain categories of these lawsuits, including but not limited to, land use appeals, tax appeals and some labor related matters, the Town maintains liability insurance with and without deductibles that provide for defense costs and liability coverage for such lawsuits. Some matters are defended under a reservation of rights. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individual or in the aggregate, so as to result in final judgment against the Town which would have a material adverse effect on the Town's financial position.

Pursuant to a consent order issued on July 10, 2001 by the State of Connecticut Department of Energy and Environmental Protection, the Town and other respondents are responsible for the remediation of certain properties located in the Newhall section of the Town which contain waste materials and other pollutants. The Town previously issued \$8.0 million from its capital plan to pay for the costs associated with the remediation of Rochford Field and Mill Rock Park properties and has been awarded \$4.0 million from the State of Connecticut for costs associated with the remediation of Rochford Field.

There are other claims, for which statutory notice has been provided to the Town, that have the potential to develop into lawsuits and expose the Town to liability. All these notice of claims are forwarded to the Town's insurance carriers to process as they see fit.

Transcript and Closing Documents

The Underwriter 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 Mayor and the Director of Finance, which will be dated the date of delivery, and attached to a signed copy of the Official Statement, certifying that, to the best of said officials' knowledge and belief, as of the date of the execution of the Bond Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut.
5. Executed continuing disclosure agreements for the Bonds in substantially the forms attached as Appendices C-1 and C-2 to this Official Statement.
6. Any other documents or certifications required by the Bond Purchase Agreement.

A transcript of the proceedings taken by the Town will be kept on file at the offices of U.S. Bank National Association in Hartford, Connecticut and will be available for examination upon reasonable notice.

Concluding Statement

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

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

Additional information may be obtained from Rick Galarza, Interim Director of Finance, Town of Hamden, 2750 Dixwell Avenue, Hamden, Connecticut 06518, and telephone number (203) 287-7010 or from the Town's Municipal Advisor, Phoenix Advisors, LLC, Barry Bernabe, Managing Director, (203) 283-1110. This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

By *Curt Balzano Leng*
Curt Balzano Leng, *Mayor*

By *Enrique Galarza, Jr.*
Enrique Galarza, Jr., *Interim Director of Finance*

Dated as of July 17, 2018

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Appendix A

The following includes the General Purpose Financial Statements of the Town of Hamden, Connecticut for the fiscal year ended June 30, 2017. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available on EMMA and upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460, Telephone (203) 283-1110.

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INDEPENDENT AUDITOR'S REPORT

Board of Finance
Town of Hamden, Connecticut
Hamden, CT 06518

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 Hamden Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Hamden, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 the financial audits contained in *Governments 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 governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2017, and the respective changes in the financial position, and, where applicable, cash flows thereof 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.

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 3a through 3f and the required supplemental information on pages 59-67, 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 of Hamden, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation 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 nonmajor fund financial statements and schedules described in the above paragraph are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the Town of Hamden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of Hamden, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES, LLC
Prospect, Connecticut



February 28, 2018

Town of Hamden, Connecticut

Management's Discussion and Analysis

June 30, 2017

Our discussion and analysis of the financial performance of the Town of Hamden, Connecticut (the "Town"), provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the liabilities of the Town of Hamden exceeded its assets, resulting in a total net position on June 30, 2017, of (\$533,752,656). The increase in deficit from FY2017 concerns primarily liabilities associated with pension and other post-employment benefits.
- On a government-wide basis, during the year, the Town's net position decreased by \$26,144,057 compared to a \$33,260,768 decrease in 2016.
- At the close of the year, the Town of Hamden's combined governmental funds, on a current financial resources basis, had a fund balance of \$11,916,139, a decrease of \$13,249,667 from the prior fiscal year fund balance of \$25,165,806. The capital expenditures on the bonded projects totaling \$16,399,647 resulted in this decrease. Approximately \$21,120,000 of bond anticipation notes are expected to be funded in the future.
- At the end of the 2017 fiscal year, the total fund balance for the General Fund alone was \$2,977,763, an increase of \$17,062 from the prior fiscal year. The total General Fund balance at year-end represents 1.25% of the total General Fund expenditures of \$238,276,320 for the fiscal year ending June 30, 2017.
- The Town of Hamden's total long-term bonded indebtedness increased by \$16,805,000 during the current fiscal year to \$285,690,000 through general fund payments and refunding of debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hamden's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains 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 of Hamden's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

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

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

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

The government-wide financial statements (statement of net assets and statement of activities) can be found in Exhibits A and B of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town of Hamden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Hamden has three kinds of funds:

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Hamden maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Memorial Town Hall Fund, and the Capital Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds.

The Town of Hamden adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of revenues and expenditures on a budgetary basis can be found in Exhibit F. This information is reported as required supplementary information.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found in Exhibits C and D of this report.

Proprietary funds. The Town maintains 1 type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical and workers' compensation benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found in Exhibits G, H and I of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has one pension trust fund, three private purpose trust funds and three agency funds. The basic fiduciary fund financial statements can be found in Exhibit J and K of this report

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the Exhibits in this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Hamden governmental activities liabilities exceeded assets by \$533,752,656 on June 30, 2017. The growth in the deficit from FY2016 to FY2017 concerns primarily liabilities associated with pension and other post-employment benefits.

**Town of Hamden, Connecticut
Summary Statement of Net Assets (Deficit)**

	June 30, 2017	June 30, 2016
Current and other assets	64,441,182	47,120,547
Deferred outflows on resources	10,997,832	4,067,552
Capital assets	260,320,469	258,120,031
Total assets and deferred outflows on resources	335,759,483	309,308,130
Other liabilities	52,337,278	17,843,746
Deferred inflows on resources	15,389,661	13,030,335
Long-term liabilities	801,785,200	784,194,457
Total liabilities and deferred inflows on resources	86,951,2139	815,068,538
Net assets (deficit):		
Investment in capital assets - net of related debt	91,653,116	133,799,179
Restricted	792,554	1,477,730
Unrestricted (deficit)	(626,198,326)	(641,037,317)
Total net assets (deficit)	(533,752,656)	(505,760,408)

By far the largest portion of the Town of Hamden's net assets (deficit) reflects its investment in capital assets (such as land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding and the unrestricted deficit position related to the net retirement obligations as well as the liabilities associated with retirement benefits.

**Town of Hamden, Connecticut
Summary Statement of Activities**

	June 30, 2017	June 30, 2016
Operating Revenues:		
Charges for services	11,638,506	7,345,929
Operating grants and contributions	55,354,944	55,371,251
Capital grants and contributions	6,604,486	4,639
General revenues:		
Property taxes	172,655,824	168,743,792
Grants not restricted to specific purposes	7,406,381	1,237,839
Unrestricted investment earnings	282,742	157,005
Miscellaneous	373,046	1,071,649
Bond premiums		
Total revenues	254,315,929	233,932,104
Expenses:		
General government	16,606,026	16,622,193
Public safety	44,725,279	45,266,562
Public works	30,223,110	32,449,677
Health and Welfare	2,804,344	1,755,969
Culture and recreation	2,858,724	5,181,345
Education	174,410,193	156,292,606
Interest on long-term debt	8,832,310	9,624,520
Total expenses	280,459,986	267,192,872
Changes in net assets (deficit)	(26,144,057)	(33,260,768)
Net assets (deficit), beginning (restated)	(507,608,599)	(472,499,640)
Net assets (deficit), ending	(533,752,656)	(507,608,599)

The Town of Hamden's net deficit position increased by \$26,144,057 during the fiscal year. This increase in the deficit is principally due to the change in other post-employment and pension benefits.

Governmental Activities

For governmental activities, approximately 68% of the revenues were derived from property taxes, followed by approximately 27% from intergovernmental revenues.

Major revenue factors included:

- Property tax revenue increased by \$3,912,032 due to a mill rate increase.

For governmental activities, approximately 62% of the Town's expenses relate to education, 6% relate to general government, 11% relate to public works operations, 16% to public safety and the remaining 11% relate to interest expense, health and welfare, community development and culture and recreation.

Financial Analysis of the Government's Funds

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

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

The **General Fund** is the chief operating fund of the Town of Hamden. At the end of the current fiscal year, the fund balance of the general fund was \$2,977,763.

As stated earlier, the fund balances of the Town of Hamden's general fund increased by \$17,062 during the current fiscal year. This increase was helped by reducing capital expenditures.

The **Capital Project Fund** had a decrease in fund balance of \$12,423,257 which included the capital expenditures of previously borrowed funds.

Proprietary Funds. The deficit of the Internal Service Funds at the end of the year was \$8,703,725, a decrease in deficit of \$626,922 over the prior year due to increased funding and less claims.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were \$218,392,991, which were lower than budgetary estimates by \$3,636,238.

Actual expenditures and transfers out on a budgetary basis totaled \$220,160,523 or \$2,220,060 less than budgeted.

Major contributors were:

- Revenues from property taxes, building permits and other charges for services were less than anticipated.

Capital Assets and Debt Administration

Capital Assets. The Town of Hamden's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$465 million on a gross basis and \$260 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads and bridges.

Town of Hamden, Connecticut		
Capital Assets Net of Depreciation		
	June 30, 2017	June 30, 2016
Governmental funds capital assets:		
Land	18,281,108	18,281,108
Land improvements	11,588,264	12,796,961
Buildings and improvements	165,385,234	170,176,619
Machinery and equipment	9,793,162	9,356,386
Infrastructure	3,313,258	7,764,706
Construction in progress	51,959,443	39,744,251
Total	260,320,469	258,120,031

The major capital asset events during the current fiscal year included building improvements to several properties as well as land and equipment improvements.

Additional information on the Town of Hamden's capital assets can be found in Note 7 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Hamden had total bonds payable outstanding of \$285,690,000, compared to \$268,885,000 at the beginning of the year. 100% of this debt is backed by the full faith and credit of the Town government. Upon issuance of the municipal bond insurance policy at the time of delivery of the bonds by Assured Guaranty Municipal Corp., the bonds were rated "A+" by Standard & Poor's Global Rating..

The Town has been active in reducing the long-term liabilities derived from the pension and other post-employment obligations. The Town set up and began to fund an irrevocable trust for future OPEB obligations and has been approved for and plans to bond a portion of the pension obligation.

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

FY 2017/2018

Over the next several years, the Town of Hamden will continue to face significant budgetary challenges, chiefly the following: 1) building its general fund balance; 2) improving the funding of its pension plan; 3) contributing to Other Post-Employment Benefits ("OPEB").

Requests for Information

This financial report is designed to provide a general overview of the Town of Hamden's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Hamden Government Center, 2750 Dixwell Avenue, Hamden, Connecticut 06518.

STATEMENT OF NET POSITION (DEFICIT)
June 30, 2017

	Primary Government Governmental Activities
Assets:	
Cash and cash equivalents	\$ 49,811,105
Receivables, net	11,351,165
Inventory	22,382
External balances	1,526,204
Capital assets:	
Capital assets, not being depreciated	70,240,551
Capital assets, being depreciated, net	190,079,918
Total assets	\$ 323,031,325
Deferred outflows of resources:	
Deferred outflows on pension	\$ 10,997,832
Liabilities:	
Accounts payable and accrued expenses	\$ 15,530,527
Accrued interest	5,038,259
Payments in advance	920,907
Incurred but not reported	7,997,259
Bond anticipation notes	21,120,000
Noncurrent liabilities:	
Due within one year	13,971,400
Due in more than one year	787,813,800
Total liabilities	\$ 852,392,152
Deferred inflow of resources	
Deferred inflows on pension	\$ 8,991,714
Advance tax collections	5,863,853
Gain on refunding debt	534,094
Total deferred inflow of resources	\$ 15,389,661
Net Position:	
Invested in capital assets, net of related debt	\$ 91,653,116
Restricted	792,554
Unrestricted	(626,198,326)
Total net position (deficit)	\$ (533,752,656)

* After internal balances have been eliminated

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2017

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government	\$ 16,606,026	4,572,103
Public safety	44,725,279	3,103,077
Public works	30,223,110	864,733
Health and welfare	2,804,344	42,146
Cultural and recreation	2,858,724	360,777
Education	174,410,193	2,695,670
Interest on long-term debt	8,832,310	
Total governmental activities	\$ 280,459,986	11,638,506
Total primary government	\$ 280,459,986	11,638,506

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

EXHIBIT B

Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total
		(12,033,923)
233,932		(41,388,270)
905,722	5,946,035	(22,506,620)
173,828		(2,588,370)
	67,500	(2,430,447)
54,041,462	590,951	(117,082,110)
		(8,832,310)
<u>55,354,944</u>	<u>6,604,486</u>	<u>(206,862,050)</u>
<u>55,354,944</u>	<u>6,604,486</u>	<u>(206,862,050)</u>

General revenues:

Property taxes	\$ 172,655,824
Grants and contributions not restricted for specific programs	7,406,381
Unrestricted investment earnings	282,742
Other unrestricted income	<u>373,046</u>
Total general revenues and transfers	<u>\$ 180,717,993</u>
Change in net position	<u>\$ (26,144,057)</u>
Net position, beginning	<u>\$ (507,608,599)</u>
Net Position, ending	<u>\$ (533,752,656)</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	Major Funds			Total Governmental Funds
	General	Capital Project Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 45,986,010	282,910	2,788,742	49,057,662
Receivables, net	10,268,312		1,082,853	11,351,165
Due from other funds	5,458,140	35,362,598	1,976,492	42,797,230
Inventories			22,382	22,382
Total assets	\$ 61,712,462	35,645,508	5,870,469	103,228,439
Liabilities and Fund Balances				
Liabilities:				
Accounts and other payables	\$ 7,207,715	6,480,874	1,808,603	15,497,192
Payments in advance			920,907	920,907
Due to other funds	37,597,235		2,247,217	39,844,452
Bond anticipation notes		21,120,000		21,120,000
Total liabilities	\$ 44,804,950	27,600,874	4,976,727	77,382,551
Deferred inflows of resources				
Unavailable revenues	\$ 8,065,896			8,065,896
Advance tax payments	5,863,853			5,863,853
Total deferred inflows of resources	\$ 13,929,749	-	-	13,929,749
Fund balances:				
Nonspendable	\$		22,382	22,382
Restricted for:				
Donor's intentions			10,944	10,944
Debt obligations	781,560			781,560
Committed for:				
Other	1,003,034	2,741,619	387,856	4,132,509
Assigned		5,303,015	2,092,906	7,395,921
Unassigned	1,193,169		(1,620,346)	(427,177)
Total fund balances	\$ 2,977,763	8,044,634	893,742	11,916,139
Total liabilities, deferred inflows of resources and fund balances	\$ 61,712,462	35,645,508	5,870,469	

Amounts reported for governmental activities in the statement of net assets (**Exhibit A**) are different because:

Capital assets used in the governmental activities are not financial resources and therefore, are not reported in the funds.	260,320,469
Other long-term assets and deferred inflows/outflows of resources are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	10,072,014
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net assets.	(8,703,725)
Long-term liabilities , including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(807,357,553)
Net position (deficit) of governmental activities (Exhibit A)	<u>\$ (533,752,656)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Revenues:				
Property taxes and assessments	\$ 172,050,778			172,050,778
Intergovernmental	55,444,646	285,869	13,635,296	69,365,811
Charges for services	6,567,295		230,004	6,797,299
Investment income	282,741		1	282,742
Miscellaneous	821,660		445,247	1,266,907
Total revenues	\$ 235,167,120	285,869	14,310,548	249,763,537
Expenditures:				
Current:				
General government	\$ 9,026,168			9,026,168
Public safety	28,333,828		158,743	28,492,571
Public works	11,994,468		260,983	12,255,451
Public health	1,607,929		188,913	1,796,842
Culture and recreation	2,914,609		451,861	3,366,470
Education	103,125,849		13,232,614	116,358,463
Other	60,947,685		136,802	61,084,487
Capital outlay		14,987,905		14,987,905
Debt service	20,325,784	1,411,742		21,737,526
Total expenditures	\$ 238,276,320	16,399,647	14,429,916	269,105,883
Excess (deficiency) of revenues over (under) expenditures	\$ (3,109,200)	(16,113,778)	(119,368)	(19,342,346)
Other financing sources (uses)				
Transfer from other funds	\$ 2,233,583			2,233,583
Transfer to other funds		(1,509,479)	(724,104)	(2,233,583)
Proceeds from sale of bonds	892,679	5,200,000		6,092,679
Total other financing sources (uses)	\$ 3,126,262	3,690,521	(724,104)	6,092,679
Net changes in fund balances	\$ 17,062	(12,423,257)	(843,472)	(13,249,667)
Fund balances (deficits) - beginning	2,960,701	20,467,891	1,737,214	25,165,806
Fund balances (deficits) - ended	\$ 2,977,763	8,044,634	893,742	11,916,139

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

Differences in amounts reported for government wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (13,249,667)
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. This is the amount by which capital outlays exceeded depreciation in the current period.	2,200,438
Deferred inflows and outflows of resource previously recognized in the statement of activities that provided current financial resources in the current year.	964,925
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(16,686,675)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>626,922</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (26,144,057)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 173,148,734	173,223,734	172,050,778	(1,172,956)
Intergovernmental	36,499,675	36,530,438	36,325,922	(204,516)
Charges for services	3,832,236	3,821,986	2,244,940	(1,577,046)
Investment income	101,000	193,500	282,741	89,241
Licenses, permits and fees	3,556,536	4,306,881	4,322,355	15,474
Other revenues	4,282,500	4,304,044	821,660	(3,482,384)
Total revenues	\$ 221,420,681	222,380,583	216,048,396	(6,332,187)
Expenditures:				
Current:				
General government	\$ 10,144,308	9,286,449	9,026,168	260,281
Public safety	27,914,935	28,378,604	28,333,828	44,776
Public works	11,485,394	12,390,108	11,994,468	395,640
Health and welfare	1,712,760	1,617,277	1,607,929	9,348
Cultural and recreation	3,041,714	2,915,317	2,914,609	708
Education	84,008,995	84,008,995	84,007,125	1,870
Employee benefits	61,359,000	62,030,258	61,950,612	79,646
Debt service:				
Principal retirements	11,730,000	11,730,000	10,318,258	1,411,742
Interest and other charges	12,423,575	12,423,575	12,407,526	16,049
less: sinking funds	(2,400,000)	(2,400,000)	(2,400,000)	-
Total expenditures	\$ 221,420,681	222,380,583	220,160,523	2,220,060
Revenues over (under) expenditures	\$ -	-	(4,112,127)	(4,112,127)
Other financing sources (uses):				
Premium on debt issuance	\$ -	-	892,680	892,680
Transfers In	-	-	1,451,915	1,451,915
Total other financing sources (uses)	\$ -	-	2,344,595	2,344,595
Revenues Over Expenditures and Other Financing Sources (Uses)	\$ -	-	(1,767,532)	(1,767,532)
Net Change in unassigned fund balance			\$ (1,767,532)	
Unassigned fund balance, July 1, 2016			2,960,701	
Unassigned fund balance, June 30, 2017			\$ 1,193,169	

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

STATEMENT OF NET FUND POSITION (DEFICIT)
PROPRIETARY FUNDS
June 30, 2017

	Governmental Activities
	Internal Service Funds
Assets	
Current assets:	
Cash and cash equivalents	\$ 753,443
Due from other funds	5,299
Total assets	\$ 758,742
Liabilities	
Current liabilities:	
Accounts payable & accrued liabilities	\$ 33,335
Due to other funds	1,431,873
Total current liabilities	\$ 1,465,208
Noncurrent liabilities:	
Incurred, but not reported claims	\$ 7,997,259
Total noncurrent liabilities	\$ 7,997,259
Total liabilities	\$ 9,462,467
Net Fund Position (deficit)	
Unrestricted	(8,703,725)
Total net fund position (deficit)	\$ (8,703,725)

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION (DEFICIT)
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2017**

	Governmental Activities <u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 3,947,346
Employer's contribution	26,892,109
Total operating revenues	<u>\$ 30,839,455</u>
Operating expenses:	
Claims	\$ 30,212,533
Total operating expenses	<u>\$ 30,212,533</u>
Operating income (loss)	<u>\$ 626,922</u>
Change in net fund position	\$ 626,922
Net fund position (deficit), beginning	<u>\$ (9,330,647)</u>
Net fund position (deficit), ended	<u>\$ (8,703,725)</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	Governmental Activities
	Internal Service Funds
Cash Flows From Operating Activities	
Receipts from customers	\$ 31,085,647
Payments for benefits	<u>(30,709,625)</u>
Net cash flows from operating activities	<u>\$ 376,022</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 376,022</u>
Cash and Cash Equivalents, beginning	<u>377,421</u>
Cash and Cash Equivalents, ended	<u><u>\$ 753,443</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)	
Operating Activities:	
Operating Income (Loss)	\$ 626,922
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Decrease (increase) in due from other funds	(757,177)
Increase (decrease) in accounts payable	(174,040)
Increase (decrease) in claims incurred but not reported	<u>680,317</u>
Net cash flows from operating activities	<u><u>\$ 376,022</u></u>

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

STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)
 FIDUCIARY FUNDS
 June 30, 2017

	Pension Trust Fund	Other Post Employment Benefit Fund	Private Purpose Trust Fund	Agency
Assets				
Cash and cash equivalents	\$ 6,005,959	450,000	417,762	829,697
Investments, fair value	157,783,333			
Accounts receivable	16,498			
External balances			164,244	77,450
Prepaid expenses	14,617			
Total assets	\$ 163,820,407	450,000	582,006	907,147
Liabilities				
Accounts payable and accrued expenses	\$ 90,305		12,267	
External balances		1,763,128		
Other liabilities		1,204,968	496	
Held for deposit for others				907,147
Total liabilities	\$ 90,305	2,968,096	12,763	907,147
Net Position:				
Net position - restricted for pension	\$ 163,730,102			
Net position - restricted for other purposes			569,243	
Net position (deficit)		(2,518,096)		-
Total net position (deficit)	\$ 163,730,102	(2,518,096)	569,243	-

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (DEFICIT)
FIDUCIARY FUNDS
For the Year Ended June 30, 2017**

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS			
Contributions:			
Town of Hamden	\$ 14,747,073	14,350,000	
Employees	2,042,495	1,366,075	
Other			273,799
Total contributions	<u>\$ 16,789,568</u>	<u>15,716,075</u>	<u>273,799</u>
Investment earnings:			
Net increase in fair value of investments	\$ 14,699,610		
Interest and dividends	2,799,733		2,230
Less: Investment expenses	(429,680)		
Total investment earnings	<u>\$ 17,069,663</u>	<u>-</u>	<u>2,230</u>
Total additions	<u>\$ 33,859,231</u>	<u>15,716,075</u>	<u>276,029</u>
DEDUCTIONS			
Benefits paid to participants	\$ 24,860,542	17,528,220	
Administrative Expenses	102,711		
Other deductions			248,214
Total deductions	<u>\$ 24,963,253</u>	<u>17,528,220</u>	<u>248,214</u>
Change in net position	<u>\$ 8,895,978</u>	<u>(1,812,145)</u>	<u>27,815</u>
NET POSITION (DEFICIT), beginning	<u>\$ 154,834,124</u>	<u>(705,951)</u>	<u>541,428</u>
NET POSITION (DEFICIT), ended	<u>\$ 163,730,102</u>	<u>(2,518,096)</u>	<u>569,243</u>

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Town of Hamden, Connecticut (the "Town") was founded in 1664 and incorporated as a Town in 1786. The Town covers an area of 33 square miles, and is located approximately 70 miles northeast of New York City and 30 miles southwest of Hartford, Connecticut.

The Town is a municipal corporation governed under a Council/Mayor form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements, which are described below.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Fund financial statements

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

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. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments and interest revenue. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenues grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

The Town reports the following major governmental funds:

The **general fund** is the general operating fund of the Town's government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

The **capital projects fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements and equipment. Most of the capital outlays are financed by the issuance of general obligation bonds and capital grants. Other sources include current tax revenues and low interest state loans.

The other governmental funds of the Town are considered nonmajor and are as follows:

The **special revenue funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The **capital project funds** are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

The **permanent fund** is used to account for assets which are committed to specific purposes. Additionally, the government reports the following other fund types:

Additionally, the Town reports the following fund types:

The **internal service fund** account for employee medical and workers' compensation insurance provided to employees of the Town.

The **private-purpose trust fund** is used to account for assets held by the Town in a trustee capacity or as an agent on behalf of others.

The **agency funds** account for monies held as a custodian for outside groups and agencies such as student activity funds, senior trip funds and performance bonds.

The **pension trust and other post employment benefit funds** are used to account for the accumulation of resources to be used for retirement benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide and propriety fund financial statements subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the internal service funds include the cost of providing administering the employee benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents

The Town considers cash on hand, deposits and short-term investments, with an original maturity of three months or less, to be cash and cash equivalents.

Investments

Investments are stated at the fair value using quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Inventories

Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

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

All accounts and property tax receivables are shown net of an allowance for uncollectible accounts. Trade account receivables allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Capital assets

Capital assets, which include property, plant and 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 government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Land Improvements	20
Buildings and improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated absences

Under the terms of its various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The Town recognizes a liability in the government-wide financial statements for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

Deferred outflows/inflows of resources

The Statement of net position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The Town reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and will be included as pension expense in a systematic and rational manner.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

The statement of net position (Exhibit A) and the Balance Sheet for the government funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to future period and will not be recognized as revenue until that time. The Town reports advance tax collections in the statement of net position and the balance sheet for the government funds. The Town reports a deferred inflow of resources related to pensions in the statement of net position.

A deferred inflow of resources related to pension results from differences between expected and actual experience and changes in assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for the recognition in the current period.

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 or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financial 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.

Fund equity and net position

In the government-wide financial statements, net position is classified in the following categories:

Investment in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

The ***restricted net position*** represent amounts of external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The ***unrestricted net position*** represents the net position of the Town which is not restricted for any project or other purpose.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

In the fund financial statements, fund balances of governmental funds are classified into two separate categories. The five categories and their general meanings are as follows:

The **nonspendable fund balances** are those net assets that are not in expendable form or are legally or contractually required to be maintained.

The **restricted fund balances** are defined in the same manner as for the restricted government-wide net assets.

The **committed fund balances** are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the *Town of Hamden*, that was considered to be the Board of Aldermen.

Assigned fund balances are amounts that are contained by the government's intent to be used as a specific purpose.

Unassigned fund balance is defined as the residual classification for the general fund and includes those remaining balances that cannot be categorized in the four categories.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Note 2 - Budgets and Budgetary Accounting

General Fund

The budgetary basis of accounting and the Town's general budget policies are as follows:

- A. Not later than 105 days prior to the beginning of the fiscal year, the Mayor prepares and submits to the Legislative Council an annual budget based on detailed estimated revenues and expenditures for the Town.
- B. The Legislative Council must hold public hearings not later than 60 days before the beginning of the fiscal year, at which time taxpayers' comments are obtained.
- C. Not later than 45 days prior to the beginning of the fiscal year, the Legislative Council must adopt the budget.
- D. With approval from the Mayor, the Legislative Council may transfer any unencumbered appropriation from one department, commission, board or office to another. Any additional appropriation over and above the budget total may be made by resolution of the Legislative Council upon recommendation of the Mayor and certification from the Director of Finance that there is an unappropriated, unencumbered general fund cash balance available to meet the additional appropriation. Unencumbered appropriations lapse at year-end.
- E. Formal budgetary integration is employed as a management control device during the year for the general fund. Only the general fund is required to be budgeted.
- F. The legal level of control is at the department level.
- G. Encumbrances are recognized as a valid and proper charge against a budget issued 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 of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Note 3 - Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences between the Government Fund Balance Sheet and the Government-wide Statement of Net Position

The details of the components included in Exhibit C are as follows:

Capitalized assets are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	\$	18,281,108
Construction in progress		51,959,443
Net capital assets being depreciated		<u>190,079,918</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>260,320,469</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Long-term debt	\$	285,690,000
Deferred charges on debt		7,497,782
Net Obligations on retirement plans		490,856,941
Compensated Absences		5,731,290
Heart and Hypertension		3,226,787
Landfill Closure		32,400
Claims and Judgments		8,750,000
Accrued interest on debt		5,038,259
Gain on refunding		<u>534,094</u>
Net adjustment to reduce fund balance to arrive at net assets of government activities	\$	<u>807,357,553</u>

Other long-term assets and deferred inflows and outflows are not available to pay for current period expenditures, and, therefore, are deferred in the funds. This amount includes the following:

Delinquent property tax and interest	\$	(8,065,896)
Deferred inflows/outflows related to pension		<u>(2,006,118)</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>10,072,014</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this difference are as follows:

Acquisitions	\$ 15,125,592
Depreciation	<u>(12,925,154)</u>
Net Adjustment to increase net changes in fund balances to arrive at changes in net assets of governmental activities	\$ <u>2,200,438</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Payments of debt	\$ 11,730,000
New Issuance	(5,200,000)
Premium and savings on new issuances	(892,679)
Amortization of bond premiums and savings	271,148
Net change in net obligation on retirement plans	(24,207,354)
Net change in other long-term liabilities	<u>708,142</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>(16,686,675)</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Note 4 - Deposits and Investments

The Town's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental Funds	\$ 48,967,053	90,609	49,057,662
Internal Service Funds	753,443		753,443
Fiduciary funds	6,005,959		6,005,959
Investments:			
Fiduciary funds(pension)		157,783,333	157,783,333
Total Deposits and Investments	\$ 55,726,455	157,873,942	213,600,397

Deposits

The carrying amounts of the Town's deposits at June 30, 2017 consist of the following:

Bank Deposit Accounts	\$ 55,726,054
Cash on Hand	<u>401</u>
Total Deposits	\$ <u>55,726,455</u>

Custodial Credit Risk

As of June 30, 2017, the carrying amount of the Town's deposits had bank balances of approximately \$52,905,650. The amount of the bank balance covered under federal depository insurance was approximately \$1,000,083. The remaining deposits were uninsured, however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2017 approximately \$4,700,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2017, the Town held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>
State Investment Fund	General Fund	\$ 90,609	.02
Equity Real Estate /	Trust Funds	18,602,686	.02
Common Stock	Trust Funds	32,029,478	n/a
Mutual Funds	Trust Funds	<u>107,151,169</u>	n/a
Total Investments		\$ <u>157,873,942</u>	

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates which will adversely affect the fair value of an investment. The Town has no formal policy specifically related to interest rate risk. The Town minimizes its exposure to interest rate risk by investing its operating funds in short-term investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Town's policy to invest only in securities that meet the ratings requirements set by General State Statute Chapter 112, Section 7-400 as follows:

Investment Policies

The Town maintains an investment policy, which excludes certain private purpose fund investments. The Town's investment policy strictly prohibits all funds to invest in investments not included in Chapter 12, Section 7-400 of the State Connecticut's General Statutes.

Investments related to pension are discussed further in Note 9 of the notes to the financial statements.

Pension investments are discussed further in note 9.

Note 5 - Receivables, Payables, and Unearned or Unavailable Funds

The receivables as of June 30, 2017 for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
Property taxes	\$ 9,563,220		9,563,220
Intergovernmental	11,320	1,082,853	1,094,173
Accounts	<u>693,772</u>		<u>693,772</u>
Net Total Receivables	\$ <u>10,268,312</u>	<u>1,082,853</u>	<u>11,351,165</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2017

Deferred payments and unavailable receipts

Governmental funds did not recognize revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Governmental funds also did not recognize revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of receipts not recognized and unearned revenues reported in the governmental fund were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 7,380,439		7,380,439
Delinquent accounts	685,457		685,457
Advance payments on taxes		5,863,853	5,863,853
Advanced payments on grants		920,907	920,907
Total	\$ 8,065,896	6,784,760	14,850,656

Payables

Payables as of June 30, 2017 for the Town's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Total</u>
General Fund	\$ 2,086,642	5,121,073	7,207,715
Capital Projects Fund	6,480,874		6,480,874
Non-major Funds	1,808,603		1,808,603
Total governmental funds	\$ 10,376,119	5,121,073	15,497,192

Temporary Notes Payables

Bond anticipation notes

The Town uses short-term notes payable in anticipation of bond-issuances to provide interim funding for various capital projects. Activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
August 2015 BAN	\$ 23,335,000		23,335,000	
May 2013 BAN		21,120,000		21,120,000
Total governmental funds	\$ 23,335,000	21,120,000	23,335,000	21,120,000

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds Receivables and Payables

Inter-fund receivables and payables at June 30, 2017 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 5,458,140	37,597,235
Capital Projects	35,362,598	
Nonmajor	1,976,492	2,247,217
Internal Service Fund	529	1,431,873
Total governmental funds	<u>42,797,759</u>	<u>41,276,325</u>
Other Post Employee Benefits		1,763,128
Private Purpose Trusts	164,244	
Agency	77,450	
	<u>\$ 43,039,453</u>	<u>43,039,453</u>

Inter-fund Transfers

Remaining funds in closed capital projects, which were the result of capital expenditures being less than originally estimated, were returned to the general fund. This amount was \$4

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 18,281,108			18,281,108
Construction in progress	39,744,251	12,215,192		51,959,443
Total capital assets, not being deprec.	<u>\$ 58,025,359</u>	<u>12,215,192</u>	<u>-</u>	<u>70,240,551</u>
Capital assets being depreciated:				
Land Improvements	\$ 24,322,539			24,322,539
Buildings and improvements	239,540,241	13,113		239,553,354
Machinery and equipment	39,022,526	2,897,287		41,919,813
Infrastructure	89,074,577			89,074,577
Total capital assets being depreciated	<u>\$ 391,959,883</u>	<u>2,910,400</u>	<u>-</u>	<u>394,870,283</u>
Less: Accumulated depreciation:				
Land Improvements	\$ 11,525,578	1,208,697		12,734,275
Buildings and improvements	69,363,622	4,804,498		74,168,120
Machinery and equipment	29,666,140	2,460,511		32,126,651
Infrastructure	81,309,871	4,451,448		85,761,319
Total accumulated depreciation	<u>\$ 191,865,211</u>	<u>12,925,154</u>	<u>-</u>	<u>204,790,365</u>
Net capital assets, being depreciated	<u>\$ 200,094,672</u>	<u>(10,014,754)</u>	<u>-</u>	<u>190,079,918</u>
Total capital assets, governmental	<u>\$ 258,120,031</u>	<u>2,200,438</u>	<u>-</u>	<u>260,320,469</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

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

Governmental Activities:	
General government	\$ 1,593,653
Education	2,871,052
Public safety	766,857
Public works	7,533,009
Health and welfare	37,769
Community services	122,814
Total depreciation expense- governmental activities	\$ <u>12,925,154</u>

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due In One Year</u>
Governmental Activities:					
Long-Term Debt:					
General obligation bonds	\$ 268,885,000	28,535,000	11,730,000	285,690,000	13,955,000
Bond Anticipation notes	<u>23,335,000</u>		<u>23,335,000</u>		
Total Long-Term Debt	<u>\$ 292,220,000</u>	<u>28,535,000</u>	<u>35,065,000</u>	<u>285,690,000</u>	<u>13,955,000</u>
Deferred amount on:					
Bond premium	<u>6,876,251</u>	<u>892,679</u>	<u>271,148</u>	<u>7,497,782</u>	
Net long-term debt	\$ 299,096,251	29,427,679	35,336,148	293,187,782	13,955,000
Other Long-Term Liabilities:					
Net pension liability	286,688,533	1,301,584		287,990,117	
Net pension liability-CMERS	8,688,470	6,722,627		15,411,097	
Net OPEB obligation	171,272,584	16,183,143		187,455,727	
Compensated Absences	5,580,648	150,642		5,731,290	
Claims Payable	8,506,102	243,898		8,750,000	
Heart and hypertension	3,466,229		239,442	3,226,787	
Landfill	48,800		16,400	32,400	16,400
Retro pay – Police Union	<u>846,840</u>		<u>846,840</u>	-	
Total governmental activities long-term liabilities	<u>\$ 784,194,457</u>	<u>54,029,573</u>	<u>36,438,830</u>	<u>801,785,200</u>	<u>13,971,400</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the funding of the pension. General obligation bonds have been issued and are direct obligations and pledge the good faith and credit of the government. As of June 30, 2017, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>General</u>	<u>Refunding</u>
\$3,190,000 G.O.B. taxable 2009B , issue of 8/15/2009, due 8/15/2024, interest at 5.0% to 5.5%, annual principal payments of \$265,000	\$ 2,120,000	
\$4,950,000 G.O.B. refunding 2010A , issue of 8/15/2010 due 8/15/2020, interest at 3.0% to 4.0%, annual principal payments of \$400,000		1,600,000
\$7,415,000 G.O.B. 2010B refunding , issue of 8/15/2010, due 8/1/2017, interest at 3.0% to 5.0%, annual principal payments of \$630,000		2,520,000
\$34,000,000 G.O.B. 2011A , issue of 8/24/2011, due 8/15/2031, interest at 2.0% to 4.25%, annual principal payments of \$1,750,000 to \$10,500,000	26,250,000	
\$13,150,000 Refunding 2011B , issue of 9/1/2011, due 7/15/2018, interest at 3.0% to 4.0%, annual principal payments of \$1,235,000 to \$3,335,000		2,480,000
\$24,705,000 G.O.B. Taxable 2012 , issue of 8/15/2012, due 8/15/2032, interest at 2.0% to 5.0%, annual principal payments of \$ 1,235,000	19,760,000	
\$29,415,000 G.O.B. Refunding 2013 , issue of 5/2/2013, due 8/25/2025, interest at 5.0%, annual principal payments of \$1,320,000 to 13,250,000		29,415,000
\$26,405,000 G.O.B. 2015A , issue of 8/24/2011, due 8/15/2031, interest at 2.0% to 4.25%, annual principal payments of \$1,750,000 to \$10,500,000	23,760,000	
\$15,545,000 G.O.B. 2015 , issue of 5/2/2013, due 8/25/2025, interest at 5.0% annual principal payments of \$1,320,000 to \$1,325,000		11,665,000
\$125,000,000 G.O.B. pension funding bond 2015 , issue of 3/10/2015, due 8/15/2044, interest at 4.0% to 5.2%, annual principal payments of \$1,320,000 to \$1,325,000	120,525,000	
\$17,960,000 G.O.B. 2015 , issue of 8/15/15, due 8/15/2030, interest at 4.0% to 5.2%, annual principal payments of \$2,070,000 to \$7,840,000	17,060,000	
\$28,535,000 G.O.B. refunding 2016 , issue of 8/15/2016 due 8/25/2025 with interest of 5.0% and annual principal payments of \$2,685,000 to 3,835,000	<u>28,535,000</u>	
Total general obligation bonds	<u>\$ 238,010,000</u>	<u>47,680,000</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2018	\$ 13,955,000	13,489,836
2019	14,090,000	12,256,068
2020	14,590,000	11,638,662
2021	15,140,000	10,962,821
2022	15,710,000	10,269,024
2023-2027	66,940,000	41,695,830
2028-2032	53,260,000	28,857,175
2033-2037	39,360,000	18,070,068
2038-2042	30,300,000	9,912,240
2043-2045	22,345,000	1,783,210
Total	\$ 285,690,000	158,934,934

Bonds authorized but unissued

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditure on these projects.

The Town has authorized but unissued bonds relating to capital projects at June 30, 2017, as follows:

Sewer	\$ -
General purpose	15,373,321
Schools	<u>5,750,000</u>
Total	<u>\$ 21,123,321</u>

Legal debt limit

The Town's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General	\$ 387,047,797	141,716,646	245,331,151
Pension	516,063,729	120,525,000	395,538,729
Schools	774,095,594	44,571,675	729,523,919
Sewers	645,079,661		645,079,661
Urban Development	559,069,040		559,069,040

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$897,335,380.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

Conduit Debt

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

The Town has issued revenue bonds, the proceeds of which will be used for financing the design and construction of the Whitney Center Project. The bonds are secured by the property financed and are payable from the Whitney Center operations. Accordingly, the bonds were not reported in the general purpose financial statements.

Note 9 - Employee Retirement Systems

Town Retirement Plan

The Town of Hamden is the administrator of a single employer, contributory public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Retirement Plan provides retirement, disability, and death benefits through a single employer, contributory defined benefit plan to plan members and beneficiaries. The Plan issues a separate, stand-alone audited financial report. The report can be obtained upon request.

The PERS is a contributory defined benefit plan. Substantially all full-time employees of the Town are eligible to participate. Participants in the State Teachers' Retirement System, part-time Town employees and officials elected by popular vote are excluded.

Members begin to vest their retirement benefits after completion of at least 10 years of credited service, and full vesting is attained after completing 15 years of service.

Employees hired into the Guardian services (members of the police and fire departments) after July 1, 2006 participate in the Connecticut Municipal Retirement System (CMERS) and are not eligible to participate in the Plan. Similarly, service employees hired after July 1, 2007 participate in CMERS and are not eligible for the pension plan.

The Plan provides retirement benefits, disability retirement benefits and pre-retirement and post-retirement death benefits. The Plan includes specific benefit provisions, vesting rules and employee contribution rules for the following employee classifications: guardian employees and service employees. Guardian employees are defined as full-time employees who are members of the police or fire department. All other town employees are considered to be service employees. The plan provides for an annual cost of living adjustment to pension benefit payments based on changes in the consumer pricing index.

Guardian employees receive normal pension benefits upon the earlier of age 60 or completion of 20 years of credited service, equal to 2.5% of average annual compensation per year of credit service for the first 20 years, plus 3% per year of credited service for the next 5 years, plus 2% per year in excess of 25 years, to a maximum of 35 years. Disability benefits are

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

provided as the greater of 30% of average annual compensation if hired on or after July 1, 1981, 25% if hired on or after July 1, 1987, or normal pension accrued. Guardian employees hired prior to July 1, 1981 have a minimum benefit of 50% of average annual compensation.

Service employees receive normal pension benefits, upon the earlier of age 65, the completion of 30 years of credited service, or age 55 and completion of 20 years of credited service, equal to 2.5% of average annual compensation per year of credited service for the first 20 years, plus 2% in excess of 20 years to a maximum of 35 years. No employee shall receive more than 85% except for employees with the required years of service, who were hired before July 1, 1978. As of June 30, 2008, such employee's benefits are frozen. Disability benefits are provided as the greater of 50% of average annual compensation or the employee's normal retirement pension.

Employees are 100% vested in their contributions to the Plan. If a member leaves employment prior to becoming eligible for benefits, all accumulated employee contributions will be paid to the member in the form of a lump sum payment with interest calculated at 5% per year.

The Plan may be discontinued or amended in any respect at any time by action of the Town's Legislative Council, subject to applicable general laws and special acts of the State of Connecticut provided that no such discontinuance or amendment shall adversely affect the right of members or their beneficiaries which had become fully vested at the date of discontinuance or amendment.

Membership in the plans consisted of the following at July 1, 2017 the date of the last actuarial valuation:

Retirees and beneficiaries currently receiving benefits	742
Terminated plan members entitled to, but not yet receiving benefits	24
Active plan members	370
Total	<u>1,136</u>

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the two defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

Administrative Expenses

The Town, as Plan sponsor, pays additional significant costs of Plan administration and office expense.

Funding Policy

The Town of Hamden makes contributions to the Plan, at the discretion of the Town's Legislative Council. Contributions are made in accordance with Section 219 or Public Act 14-217. Beginning in fiscal year ending June 30, 2018, the Town is required to contribute at least 80% of the current actuarially required contribution, or \$17,579,507, and 100% of the actuarially determined contribution thereafter.

Plan provisions include mandatory employee contributions by service employees and guardian employees. All employee contributions are made on a pre-tax basis. These contributions are negotiated as part of the collective bargaining agreements.

Service employees currently contribute 8.0% of their annual covered salary. Guardian employees contribute 8.5% of covered salary. Covered salary includes regular payroll, vacation, holiday, personal, longevity and sick time payroll.

Investments

Investment Policy

The pension plan's policy in regard to allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. These assets must be invested with the care, skill, and diligence that a prudent person acting in this capacity would exercise to comply with all objects outlined herein, the Investment Advisors Act of 1940 and all other governing statutes.

Based on the recommendations of the Plan's investment advisors, the Board has established reasonable guidelines for each asset class, specifying acceptable and/or prohibited investments, limits on asset and asset class exposures, risk constraints, and investment return objectives. The Board will from time-to-time elect to invest in commingled funds, recognizing the benefits of such funds as investment vehicles, the ability to diversify more extensively than in small, direct investment accounts and the lower costs that are generally associated with these funds.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Investment management of the assets of the Town shall be in accordance with the following asset allocation guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities:			
Large cap	15%	35%	25%
Small cap	0%	10%	5%
Mid cap	0%	10%	5%
International	5%	15%	10%
Fixed income	30%	50%	40%
Real estate investment trusts	10%	20%	15%
Cash and equivalents		minimal	

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 11.27% for the Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The Town's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017.

The components of the net pension liability of the Town at June 30, 2017 were as follows:

Total pension liability	\$ 451,720,219
Plan fiduciary net position	<u>163,730,102</u>
Net pension liability	<u>\$ 287,990,117</u>
Plan fiduciary net position as a percentage of the total pension liability	36.25%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.25%
Salary increase	2.50%
Investment rate of return	7.00%, net of plan investment expense, including inflation
Cost-of-living adjustments	2.25%

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, projected 24 years with Scale BB.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

Disable mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, projected 24 years with Scale BB.

The actuarial assumptions used in the July 1, 2017 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full experience study has not been completed.

Long Term Rate of Return

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 asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	30%	6.71%
International equity	10%	7.71%
Fixed income	40%	2.11%
Global tactical asset allocation	10%	3.91%
Real estate	10%	5.21%
	<u>100.00%</u>	

Discount Rate

The blended discount rate used to measure the total pension liability was 7.00%. 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 Town contributions will be made in accordance with Section 219 of Public Act 14-217, specifically 80% of the actuarially determined contribution for the fiscal year ending June 30, 2018, and 100% of the actuarially determined contribution thereafter. The actuarially determined contribution is equal to the total normal cost plus a 30-year closed amortization of the unfunded actuarial accrued liability, beginning July 1, 2014 (27 years remaining). Amortization payments are expected to grow by 2% annually. 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2016	\$ 441,521,657	154,834,124	286,687,533
Changes for the year:			
Service cost	5,224,667		5,224,667
Interest on total pension liability	30,036,397		30,036,397
Difference between expected and actual Experience	(201,960)		(201,960)
Employer contributions		14,747,073	(14,747,073)
Employee contributions		2,042,495	(2,042,495)
Net investment income		17,069,663	(17,069,663)
Benefit payments, including refund of employee contributions	(24,860,542)	(24,860,542)	-
Administrative expense	-	(102,711)	102,711
Net changes	\$ 10,198,562	8,895,978	1,302,584
Balances as of June 30, 2017	\$ 451,720,219	163,730,102	287,990,117

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

The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.00%) or 1 percent higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 341,740,889	287,990,117	243,135,202

Pension Trust Funds

The Town maintains a pension trust fund to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2017 and the changes in net position for the year then ended.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Schedule of Net Position

Assets:	
Cash and cash equivalents	\$ 6,005,959
Receivables	16,498
Investments	157,783,333
Prepaid expenses	<u>14,617</u>
Total assets	\$ <u>163,820,407</u>
Liabilities:	
Accounts payable and accrued expenses	\$ <u>90,305</u>
Total liabilities	\$ <u>90,305</u>
 Net Assets Held in Trust for Pension Benefits	 \$ <u>163,730,102</u>

Schedule of Changes in Net Position

	Town Retirement Plan
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 14,747,073
Employee	<u>2,042,495</u>
Total	\$ <u>16,789,568</u>
Investment Income:	
Net appreciation(depreciation) in fair value of Investments	\$ 14,699,610
Interest and dividends	<u>2,799,733</u>
Total	\$ 17,499,343
Less investment expense:	
Investment management fees	<u>429,680</u>
Net investment income	\$ <u>17,069,663</u>
Total additions	\$ 33,859,231
Deductions:	
Benefits	\$ 24,860,542
Administrative expenses	<u>102,711</u>
Total deductions	\$ <u>24,963,253</u>
Net increase	\$ 8,895,978
Net position and beginning of year	\$ <u>154,834,124</u>
Net position at end of year	\$ <u>163,730,102</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Town recognized pension expense of \$12,692,637.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,430,352	-
Changes in assumptions	-	8,890,734
Differences between expected and actual experience	449,068	100,980
Total	<u>\$ 3,879,420</u>	<u>8,991,714</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase/decrease in pension expenses as follows:

<u>Year Ended June 30,</u>	
2018	\$ (6,486,586)
2019	2,056,060
2020	621,703
2021	(1,303,471)
2022	-
Thereafter	-
Total	<u>\$ (5,112,294)</u>

Connecticut Municipal Employees' Retirement System – Defined Benefit Plan

Plan Description

The Town's full-time employees participate in Connecticut's Municipal Employees' Retirement System (CMERS), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement, disability, and death benefits to the employees and beneficiaries of participating municipalities. 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.

CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense information about CMERS net position and additions to/deductions from CMERS net position have been determined on the same basis they are reported by CMERS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefit Provisions

The benefits provided by CMERS to its participants include retirement, disability, and death benefits.

General Employees: 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.

Policemen and Firemen: Compulsory retirement age for police and fire members is age 65.

Normal Retirement: Members not covered by social security receive a benefit of 2% of average final compensation times years of service. Members covered by social security receive a benefit of 1-1/2% 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.

Early Retirement: Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated based on average final compensation and service to date of termination.

Disability Retirement: 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. 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. Non-service related disability benefits are provided to employees 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.

Death Benefit: The spouse of an employee who was eligible for service, disability retirement, or had a vested allowance, and was married for at least 12 months preceding the date of death can receive benefits computed on the basis of the member's average final compensation and creditable service at the date of death. The benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Contribution Requirements

Employer

The Town, as a participating municipality, makes 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 CMERS not met by member contributions.

Employee

Plan members not covered by social security are required to contribute 5% of compensation. Employees covered by social security are required to contribute 2-1/4% of compensation up to the Social Security taxable wage base is plus 5% of compensation, if any, in excess of such base.

The current rate is 11.38% and 14.98% of annual covered payroll for service employees, and police, respectively. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to CMERS for the years ended June 30, 2017, 2016 and 2015 were \$2,388,233, \$2,157,149, and \$1,850,559 respectively, equal to the required contributions for each year.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a liability for its proportionate share of the net pension liability in the government-wide Statement of Net Position. The amount recognized by the Town for its proportionate share of the net pension liability was \$15,411,097 based on the Town's proportionate share of 4.63%.

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized its proportionate share of the collective pension expense in the government-wide Statement of Activities in the amount of \$3,511,401 for the year ended June 30, 2017.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to CMERS pension benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 4,311,166	-
Change in proportional share	2,085,366	-
Net difference between employer expected and actual experience	721,880	-
Total	\$ 7,118,412	-

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Net deferred outflows and inflows of resources for pensions is amortized and recognized as an increase to the net pension expense each year as follows:

<u>Year Ended June 30,</u>		<u>Net Pension Expense Increase</u>
2018	\$	1,656,784
2019		1,656,784
2020		2,272,097
2021		1,532,747
Thereafter		-
	\$	<u>7,118,412</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012. The key actuarial assumptions used in the valuation were as follows:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Long-term investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

Future Cost of Living adjustments for members who retire on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%, and the maximum is 6%.

Long Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. 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 employer 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 net pension liability of the Town calculated using the discount rate of 8.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the net pension liability	\$ 18,518,906	\$ 15,411,097	\$ 7,779,882

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Teachers' Retirement

All Town of Hamden Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut.

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools, and professional employees at State schools of higher education are provided with pensions through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit Provisions

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

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

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefits are reduced for those retiring before normal retirement age.

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

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earning, is expected to finance the costs

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

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

Employees

Participants are required to contribute 6.00% of their annual salary to the System as required by CGS Section 10-183b (7). For the year ended June 30, 2017, \$2,766,399 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the Town was \$46,106,650.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State has a statutory requirement to pay 100% of the required plan contribution, therefore as of June 30, 2017; the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>160,241,474</u>
Total net pension liability	\$	<u>160,241,474</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For the year ended June 30, 2017 the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$17,474,909 as payments made by the State of Connecticut on behalf of the Town.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The PRH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

Future Cost-of-Living increases for members who retire on or after September 1, 1992 and were hired prior to July 1, 2007 are assumed to receive an annual cost-of-living adjustment (COLA) of 2%. Members who retired on or after September 1, 1992 and were hired on or after July 1, 2007 are assumed to receive an annual COLA of 1.75%.

Long Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non U.S. equities	18.0%	6.6%
Emerging markets – non U.S.	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bonds	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investment	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

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

The Town's proportionate share of the net pension liability is \$0. Any change in the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 10 - Other Post-employment Benefits Plan

Plan Description

The Town provides post-employment benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit post retirement healthcare plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2016. The post-employment plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the Town recognized the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Membership in the plan consisted of the following at July 1, 2016, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,668
Active plan members	<u>1,240</u>
Total	<u><u>2,908</u></u>

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Entry Age Normal Method. For fiscal year 2017, the Town contributions made on a pay-as-you go basis were \$17,528,220.

Effective July 1, 2016 the Town's required contributions are actuarially determined on an annual basis using the entry age normal actuarial cost method, level percent of pay. Prior to July 1, 2016, projected unit credit cost method was used.

Net OPEB Liability

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

Total OPEB liability	\$	524,137,932
Plan fiduciary net position		<u>(2,518,096)</u>
Net OPEB liability	\$	<u>526,656,028</u>
Plan fiduciary net position as a percentage of the total OPEB liability		(0.48)%

The Town's net OPEB liability will be required to be recorded in the government-wide financial statement of net position as of June 30, 2018.

Actuarial Assumptions

The total OPEB liability was measured by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Payroll growth rate	3.50%
Discount rate	3.58% as of June 30, 2017 and 2.85% as of June 30, 2016
Investment rate of return	3.10%
Healthcare cost trend rates:	
Medical (non-Medicare)	6.5% graded to 5.0% over 3 years
Medical (Medicare)	5.5% graded to 5.0% over 1 year
Prescription drug	9.5% graded to 5.0% over 9 years
Dental	4.0%
Administrative expenses	3.0%
ACA excise tax threshold	3.5% in 2018; 2.5% thereafter

Healthy mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected 24 years with Scale BB.

Disabled mortality rates were based on the RP-2000 Disabled Retiree Table projected 24 years with Scale BB.

The actuarial assumptions used in the July 1, 2016 valuation were based on detailed census data provided by the employer, premium data and/or claim experience, and summary plan descriptions for OPEB were provided by the employer and by Anthem. A full experience study has not been completed.

Long Term Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns 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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target asset allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2017 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Short term/cash	100.00%	1.10%
	100.00%	

*Net of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was a blend of the long-term expected rate of return on OPEB trust assets and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (3.58% as of June 30, 2017 and 2.85% as of June 30, 2016). The blending is based on the sufficiency of projected assets to make projected benefit payments.

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

The following presents the net OPEB liability of the Town, calculated using the discount rate of 3.58%, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percent point lower (2.58%) or 1 percent higher (4.58%) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB liability	\$ 610,007,746	526,656,028	459,925,433

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

The following presents the net OPEB liability of the Town, calculated using the healthcare trend rates per type as stated in the section of actuarial assumptions as well as what the Town's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent point lower or 1 percent higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 452,851,300	526,656,028	619,435,801

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Annual OPEB Cost and Net OPEB Obligations

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the Town's net OPEB obligation (asset):

The calculation of the change in net OPEB obligation for the year ended June 30, 2017 is as follows:

Annual required contribution	\$ 32,492,119
Interest on net pension obligation	6,838,903
Adjustment to ARC	<u>(8,497,879)</u>
Annual OPEB cost	30,833,143
Contributions made	<u>(14,650,000)</u>
Increase in net OPEB liability	16,183,143
Net OPEB obligation, beginning of year	<u>171,272,584</u>
Net OPEB obligation, end of year	<u>\$ 187,455,727</u>

Three Year Trend Information

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

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Cost Contributed	Net OPEB Obligation
6/30/17	30,833,143	14,650,000	47.5%	187,455,727
6/30/16	35,570,962	18,377,480	51.7%	171,272,584
6/30/15	34,567,833	17,338,134	50.2%	154,079,102

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2016	\$ (705,951)	\$ 485,508,647	\$ 486,214,598	(0.15)%	\$ N/A	N/A
7/1/2014	-	451,966,876	451,966,876	0.00%	N/A	N/A
7/1/2012	-	439,980,586	439,980,586	0.00%	N/A	N/A

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Employer Contributions

<u>Fiscal Year Ended</u>		<u>Annual Required Contribution</u>		<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2017	\$	32,492,119	\$	14,650,000	45.1%
2016		39,778,717		18,367,480	46.2%
2015		38,069,376		17,338,134	45.5%
2014		37,757,368		17,669,283	46.8%
2013		36,186,117		14,696,649	40.6%

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

In the July 1, 2016 actuarial valuation, the entry age normal actuarial cost method is used. The actuarial assumptions include a 4% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.5% graded to 5.0% over 3 years and 5.5% graded to 5.0% over 1 year for non-Medicare and Medicare, respectively. The actuarial value of assets was determined using the market value method. The UAAL is being amortized each year over a constant 21 year period, payments increasing to 3.5%, closed.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

The following schedule presents the net position held in trust for OPEB benefits at June 30, 2017 and the changes in net position for the year ended June 30, 2017:

Schedule of Net Position

	<u>OPEB Trust</u>
Assets:	
Cash and cash equivalents	\$ 450,000
Total assets	\$ 450,000
Liabilities:	
Accounts payable and accrued expenses	\$ 1,763,128
Other liabilities	1,204,968
Total liabilities	\$ 2,968,096
Net position (deficit)	\$ <u>(2,518,096)</u>

Schedule of Changes in Net Position

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 14,350,000
Employee	1,366,075
Total	\$ 15,716,075
Investment Income:	
Net appreciation(depreciation) in fair value of investments	\$ -
Interest and dividends	-
Total	\$ -
Less investment expense:	
Investment management fees	-
Net investment income	\$ -
Total additions	\$ 15,716,075
Deductions:	
Benefits	17,528,220
Net increase (decrease)	\$ (1,812,145)
Net position and beginning of year	\$ (705,951)
Net position at end of year	\$ <u>(2,518,096)</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2017

Note 11 - Commitments and Contingencies

Lawsuits

There were several personal injury, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any in these cases, is not known at this time. Other than that below, based upon consultation with counsel, the Town's management 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.

Environmental Contingency

Pursuant to a consent order issued on July 10, 2001 by the State of Connecticut Department of Energy and Environmental Protection, the Town and other respondents are responsible of the remediation of certain properties located in the Newhall section, which contain waste materials and pollutants. Thus far, significant remedial work has been completed and the properties have been redeveloped. Remaining remedial actions are the placement of environmental land use restricts and long term groundwater monitoring. Management feels these costs are within the original budget of \$12 million, of which the State of Connecticut has awarded \$4 million for a portion of these costs.

Landfill Post-Closure Monitoring

State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure, which was in 1991. The liability for the landfill post-closure care, aggregating \$32,400, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2017. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Operating Contracts

Municipal solid waste management services contract: The Town has entered into the municipal solid waste management services contract, as amended, (the Service Contract) with Covanta Projects L.P. of Wallingford pursuant to which it participates with four other Connecticut Municipalities. Under the contract, all curbside solid waste collected in Hamden is transported to Covanta's mass-burn solid waste resource recovery and electric generation facility in Wallingford (the "System"), the same location used under the twenty-year agreement with the Connecticut Resources Recovery Authority that expired on June 30, 2010. The Covanta contract offers two five year options to extend for any or all of the participating municipalities.

Under the Service Contract, the Town is required to deliver, or cause to be delivered, to the System acceptable solid waste generated within its boundaries with a minimum commitment of 14,850 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$65 per ton. The aggregated minimum commitment of the five Contracting Municipalities is 66,285 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its full portion of the aggregate minimum

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2017

commitment even if it did not deliver that full portion. Disposal fees are payable, provided the system is accepting solid waste delivered by or on behalf of the Town, regardless of whether such solid waste is processed at Covanta's facility in Wallingford. If the facility is not able to process this waste, it will be sent to other facilities owned by Covanta at no additional cost to the Town.

As amended, effective February 1, 2012, the service payment applicable in any contract year is calculated by increasing the fee for the immediately preceding contract year by an amount equal to one hundred percent of the percentage increase, if any, in the CPI during the twelve month period ending on March 31st of the immediately preceding contract year. However, the annual increase in the fee shall not be less than 1.75%, or more than 3.5% for any contract year.

The amended contract also provides for a reserve account, to be held by Wallingford, for the benefit of the original contracted municipalities, and is to be funded initially with \$2,000,000 from funds paid to the original municipalities by the CRRA, and thereafter by reserve charges to be collected by Covanta from the original municipalities and their authorized haulers, and remitted to Wallingford for deposit in the reserve account. The Town of Hamden's contribution to the reserve was 23.06% of the total reserve balance requirement, or \$461,200. There were no additional reserve fees added per ton for the year ended June 30, 2017.

The Town's obligation to pay disposal fees is absolute and unconditional as long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of disposal fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to pay the fees.

Construction Contracts

The Town has several construction contracts in progress at June 30, 2017

Risk Management and Self-Insurance

The Town and the Board of Education are self-insured for employee medical, worker's compensation and heart and hypertension benefits. The Town carries commercial insurance for its other insurable risks. Coverage has not been materially reduced, nor has settled claims exceeded commercial coverage in any of the past three years.

The Town was a member of the 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 Section 7-479a et. Seq. of Connecticut General Statutes, for workers' compensation, general liability, auto and property insurance. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims from July 1, 1999 to June 30, 2009. The Board of Education was covered by CIRMA on a fully insured basis for the same time period.

As of July 1, 2009, the Town and Board of Education became self-insured for workers' compensation coverage. Since July 1, 2010 the reinsurance for workers' compensation self insurance program is provided through Safety National. The Town retains the first \$500,000 of each loss. PMA of Connecticut serves as the Claims Administrator for the program.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

The self-insurance programs for medical insurance are being administered by a third-party administrator, Anthem Blue Cross Blue Shield ("the administrator") and are reported as an internal service fund. Medical insurance premiums are based upon estimates by the number of employees and types of coverage (single or family), trends in insurance claims, and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred by not reported, be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

Payments related to heart and hypertension are administered by the Town and accounted for in the General Fund as liabilities are incurred. The Town records an estimate for claims incurred but not reported in the long-term liabilities.

Changes in the balance of claims liabilities for the worker's compensation, medical insurance and heart and hypertension were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Worker's Compensation & Medical Insurance				
2016	\$ 7,447,052	24,585,429	24,715,539	7,316,942
2017	7,316,942	38,492,673	37,812,356	7,997,259
Heart and Hypertension				
2016	4,720,583	(997,368)	256,986	3,466,229
2017	3,466,229	1,523,489	1,762,931	3,226,787
Total				
2016	12,167,635	23,588,061	24,972,525	10,783,171
2017	10,783,171	40,016,162	39,575,287	11,224,046

Note 12 - Fund Deficits

Fund Deficits

The Town has the following Fund Deficits at June 30, 2017 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit</u>	<u>Plan For Elimination</u>
Human Services	\$ 43,653	Future charges for services
Public Works	231,141	Future receipt of grant
Community Development	38,191	Future charges for services
Wintergreen Magnet School	1,117,574	Future receipt of grant
Other capital projects	188,612	Future bonding
Workers' Compensation	5,778,463	Future charges for services
Medical Insurance	2,925,262	Future charges for services
Other Post employment Benefits	2,518,096	Future charges for services

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2017

Note 13 - Subsequent Events

General Obligation Bond

On August 15, 2017, the Town own issued a General obligation Bond in the amount of \$11,510,000. The Bond will be paid over 20 years with an interest rate of 4.00% to 5.25%.

General Obligation Bond Anticipation Note

On August 23, 2017, the Town issued a note in anticipation of a general obligation bond in the amount of \$9,610,000. The note will be paid in full on August 23, 2018 with an interest rate of 3.00%.

Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No 75, Accounting and financial Reporting for Post Employment Benefits Other than Pension, which will most likely have a material impact. The provisions of the statement are effective for fiscal years beginning after June 30, 2017 and will require governments to report a other post employment benefits (OPEB) liability on the face of the financial statements. The potential liability is explained further in Note 10 of these financial statements.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLAN

Last Four Fiscal Years

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 5,224,667	5,888,328	6,209,591	6,238,891
Interest	30,036,397	30,955,497	30,823,699	31,148,927
Differences between expected and actual experience	(201,960)	1,347,205	(10,769,246)	5,302,529
Changes of assumptions	-	(26,672,204)	-	-
Benefit payments, including refunds of member contributions	(24,860,542)	(24,437,110)	(24,325,333)	(23,582,140)
Net change in total pension liability	\$ 10,198,562	(12,918,284)	1,938,711	19,108,207
Total pension liability - beginning	441,521,657	454,439,941	452,501,230	433,393,023
Total pension liability - ending	\$ 451,720,219	441,521,657	454,439,941	452,501,230
Plan fiduciary net position:				
Contributions - employer	\$ 14,747,073	12,100,000	137,071,112	12,500,000
Contributions - employee	2,042,495	2,195,488	2,232,086	2,181,831
Net investment income	17,069,663	1,468,812	(1,355,734)	6,996,801
Benefit payments, including refunds of member contributions	(24,860,542)	(24,437,110)	(24,325,333)	(23,582,140)
Administrative expenses	(102,711)	(118,719)	(109,273)	(76,352)
Net change in plan fiduciary net position	\$ 8,895,978	(8,791,529)	113,512,858	(1,979,860)
Plan fiduciary net position - beginning	154,834,124	163,625,653	50,112,795	52,092,655
Plan fiduciary net position - ending	\$ 163,730,102	154,834,124	163,625,653	50,112,795
Net pension liability - ending	\$ 287,990,117	286,687,533	290,814,288	402,388,435
Plan fiduciary net position as a percentage of total pension liability	36.25%	35.07%	36.01%	11.07%
Covered-employee payroll	26,805,022	28,397,008	28,992,189	29,347,110
Net pension liability as a percentage of its covered-employee payroll	1074.39%	1009.57%	1003.08%	1371.13%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

Notes to Schedule

Changes in assumptions: Effective June 30, 2016, the assumption for cost-of-living increases was decreased from 3.00% per year to 2.25% per year. The static projection on the RP-2000 mortality tables was also lengthened by five years, from 19 to 24, using Scale BB.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - OPEB

Last Fiscal Year

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 10,981,900
Interest	16,413,807
Differences between expected and actual experience	-
Changes of assumptions	(58,924,795)
Benefit payments	(18,548,270)
Net change in total OPEB liability	\$ (50,077,358)
Total OPEB liability - beginning	<u>574,215,290</u>
Total OPEB liability - ending	<u>\$ 524,137,932</u>
Plan fiduciary net position:	
Contributions - employer	\$ 14,350,000
Contributions - employee	1,366,075
Net investment income	-
Benefit payments, including refunds of member contributions	(17,528,220)
Administrative and other costs	-
Net change in plan fiduciary net position	\$ (1,812,145)
Plan fiduciary net position - beginning	<u>(705,951)</u>
Plan fiduciary net position - ending	<u>\$ (2,518,096)</u>
Net OPEB liability - ending	<u>\$ 526,656,028</u>
Plan fiduciary net position as a percentage of total OPEB liability	-0.48%
Covered-employee payroll	N/A
Net OPEB liability as a percentage of its covered-employee payroll	N/A

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

Notes to Schedule

Changes in assumptions: The discount rate was increased from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN
LAST TEN FISCAL YEARS
(In Thousands)**

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- employee Payroll	Contribution as a Percentage of Covered- employee Payroll
2017	21,067,247	14,747,073	6,320,174	26,805,022	55.02%
2016	21,998,113	12,100,000	9,898,113	28,397,008	42.61%
2015	29,536,050	14,768,025	14,768,025	28,992,189	50.94%
2014	27,688,031	12,500,000	15,188,031	29,347,110	42.59%
2013	27,145,128	9,340,000	17,805,128	-	N/A
2012	19,850,851	3,040,000	16,810,851	31,241,635	9.73%
2011	19,088,623	6,550,000	12,538,623	-	N/A
2010	18,911,433	12,500,000	6,411,433	33,051,700	37.82%
2009	18,292,235	12,500,000	5,792,235	-	N/A
2008	16,754,259	12,000,000	4,754,259	33,976,398	35.32%

Notes to Schedule

Valuation Date: July 1, 2016
Measurement Date: June 30, 2017

Changes in benefit terms: none
Changes in assumptions: none

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal
Amortization method: Level percent with 2% annual increases, closed period
Remaining amortization period: 28 years remaining as of July 1, 2016
Asset valuation method: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recongnized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Inflation: 2.25%
Salary increases: 2.50%
Investment rate of return: 7.00%, including inflation, net of pension plan investment expense

Actuarially determined contributions are calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported.

SCHEDULE OF TOWN CONTRIBUTIONS

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended June 30, 2017

	2017	2016	2015
Contractually required contribution	\$ 2,388,233	2,157,149	1,850,559
Contributions in relation to the contractually required contribution	<u>2,388,233</u>	<u>2,157,149</u>	<u>1,850,559</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Town's covered employee payroll	\$ 18,861,408	17,007,020	13,794,049
Contributions as a percentage of covered-employee payroll	12.66%	12.68%	13.42%

Notes to Schedule

Valuation date	June 30, 2016
Measurement date	June 30, 2016
Reporting date	June 30, 2017

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The contribution rate for The Town's service employees was 11.38%, 11.38%, and 11.98% for 2017, 2016, and 2015, respectively. The contribution rate for the Town's guardian employees was 14.98%, 14.98%, and 16.01% for 2017, 2016, and 2015, respectively.

Changes in benefit terms	None
Changes in assumptions	In 2013, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single Equivalent amortization period	25 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS**

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- employee Payroll	Contribution as a Percentage of Covered- employee Payroll
2017	32,492,119	14,650,000	17,842,119	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation Date: July 1, 2016
 Measurement Date: June 30, 2017

Changes in benefits: none

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal, level percent of pay
 Amortization method: Payments increasing at 3.50%, closed, 30 years
 Remaining amortization period: 21 years as of June 30, 2017
 Asset valuation method: Market value
 Inflation: 2.00%
 Investment rate of return: 4.00%
 Healthcare cost trends:
 Non-Medicare 6.5% graded to 5.0% over 3 years
 Medicare medical 5.5% graded to 5.0% over 1 year
 Drug cost 9.5% graded to 5.0% over 9 years
 Dental 4.00%
 Administrative expense 3.00%
 ACA excise tax threshold 3.5% in 2018; 2.5% thereafter
 Healthy Mortality Rates: RP-2000 Combined Healthy tables projected 24 years with Scale BB
 Disabled Mortality Rates: RP-2000 Disabled Retiree tables projected 24 years with Scale BB

SCHEDULE OF INVESTMENT RETURNS - PENSION PLAN
Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	11.27%	1.30%	1.00%	15.10%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

SCHEDULE OF INVESTMENT RETURNS - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Last Fiscal Year

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.264%	N/A	N/A	N/A

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended June 30, 2017

	2017	2016	2015
Town's proportion of the net pension liability	4.63%	3.97%	3.97%
Town's proportionate share of the net pension liability	\$ 15,411,097	7,642,956	5,510,908
Town's covered-employee payroll	\$ 17,294,489	11,446,209	11,446,209
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.11%	66.77%	48.15%
Plan fiduciary net position as a percentage of total pension liability	88.29%	92.72%	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	In 2013, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single Equivalent amortization period	25 years
Asset valuation method	5-year smoothed market (20% write up)

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHERS' RETIREMENT PLAN**

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	-	-
State's proportionate share of the net pension liability associated with the Town	\$ <u>160,241,474</u>	<u>122,756,960</u>	<u>113,464,208</u>
Total	\$ <u>160,241,474</u>	<u>122,756,960</u>	<u>113,464,208</u>
Town's covered-employee payroll	46,106,650	45,629,422	44,529,870
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	52.26%	59.50%	61.51%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	In 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single Equivalent amortization period	20.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

Appendix B-1

Form of Opinion of Bond Counsel for the Series A Bonds

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[FORM OF OPINION OF BOND COUNSEL]

July 26, 2018

Town of Hamden,
 Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated July 26, 2018 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$10,605,000 Town of Hamden, Connecticut General Obligation Refunding Bonds, Issue of 2018, Series A, dated July 26, 2018 (the “Bonds”), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on February 15, 2019 and semiannually thereafter on August 15 and February 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2029	\$1,525,000	5.000%	2030	\$9,080,000	5.000%

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of July and January in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are not subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

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

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

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

Appendix B-2

Form of Opinion of Bond Counsel for the Series B Bonds

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[FORM OF OPINION OF BOND COUNSEL]

July 26, 2018

Town of Hamden,
 Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the “Town”), and other proofs submitted to us relative to the issuance and sale of \$33,660,000 Town of Hamden, Connecticut General Obligation Refunding Bonds, Issue of 2018, Series B (Federally Taxable), dated July 26, 2018 (the “Bonds”), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on February 15, 2019 and semiannually thereafter on August 15 and February 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2023	\$1,040,000	3.613%	2027	\$6,890,000	3.961%
2024	1,450,000	3.730	2028	8,265,000	4.031
2025	2,355,000	3.830	2029	7,545,000	4.081
2026	6,115,000	3.881			

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of July and January in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are not subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

In our opinion, under existing law, interest on the Bonds is included in gross income for federal income tax purposes. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

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

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

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

Very truly yours,

ROBINSON & COLE LLP

Appendix C-1

Form of Continuing Disclosure Agreement for the Series A Bonds

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$10,605,000 General Obligation Refunding Bonds, Issue of 2018, Series A
dated July 26, 2018

July 26, 2018

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$10,605,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2018, Series A, dated July 26, 2018 (the "Bonds"), maturing on the dates and in the amounts set forth in the Town's Official Statement dated July 17, 2018 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond Purchase Agreement, dated July 17, 2018 (the "Bond Purchase Agreement"); and

WHEREAS, in the Bond Purchase Agreement, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

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

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight

months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town 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 in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, 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) this Agreement, as so amended, would have complied with the requirements of the Rule

as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF HAMDEN, CONNECTICUT

By: _____
Name: Curt B. Leng
Title: Mayor

By: _____
Name: Enrique Galarza, Jr.
Title: Interim Director of Finance

Appendix C-2

Form of Continuing Disclosure Agreement for the Series B Bonds

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$33,660,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2018, Series B
dated July 26, 2018

July 26, 2018

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$33,660,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2018, Series B (Federally Taxable), dated July 26, 2018 (the "Bonds"), maturing on the dates and in the amounts set forth in the Town's Official Statement dated July 17, 2018 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond Purchase Agreement, dated July 17, 2018 (the "Bond Purchase Agreement"); and

WHEREAS, in the Bond Purchase Agreement, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

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

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight

months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town 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 in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, 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) this Agreement, as so amended, would have complied with the requirements of the Rule

as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF HAMDEN, CONNECTICUT

By: _____
Name: Curt B. Leng
Title: Mayor

By: _____
Name: Enrique Galarza, Jr.
Title: Interim Director of Finance

Appendix D

Specimen Municipal Bond Insurance Policy

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BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN