

Town of Hamden, Connecticut

Financial Report
June 30, 2016

Town of Hamden, Connecticut

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Town of Hamden, Connecticut

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Financial Section

Independent Auditor's Report

To the Legislative Council
Town of Hamden, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2016, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 12 to the financial statements, the beginning net position/fund balance of the Governmental Activities and the General fund have been restated for a correction of an error. Our opinion is not modified with respect to this matter.

RSM US LLP

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the general fund budgeting information and the pension and other post-employment benefit information and schedules 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 Town of Hamden, Connecticut's basic financial statements. The combining and individual fund financial statements and other schedules are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and was derived from and directly related to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules 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 July 28, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
July 28, 2017

**Town of Hamden, Connecticut
Management's Discussion and Analysis - Unaudited
June 30, 2016**

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, 2016. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the liabilities and deferred inflows of the Town of Hamden exceeded its assets and deferred outflows, resulting in a total net position (deficit) on June 30, 2016, of (\$507,608,408). The increase in deficit from FY2015 concerns primarily liabilities associated with pension and other post-employment benefits.
- On a government-wide basis, during the year, the Town's net position (deficit) increased by \$33,060,768 compared to a \$47,505,505 increase in 2015.
- At the close of the year, the Town of Hamden's combined governmental funds had a fund balance of \$25,165,806, an increase of \$25,055,796 from the prior fiscal year fund balance of \$110,000 (as restated). The capital expenditures on the bonded projects totaled \$12,468,164.
- At the end of the 2016 fiscal year, the total fund balance for the General Fund alone was \$2,960,701, a decrease of \$2,483,051 from the prior fiscal year. The total General Fund balance at year-end represents 2.0% of the total General Fund expenditures of \$222,551,036 for the fiscal year ending June 30, 2016.
- The Town of Hamden's total long-term bonded indebtedness increased by \$29,950,000 during the current fiscal year to \$292,220,000.

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 position (deficit) presents information on all of the Town's assets and deferred inflows and liabilities and deferred outflows, with the difference reported as net position (deficit). The Town's net position (deficit) - the difference between assets and deferred inflows and liabilities and deferred outflows - is one way to measure the Town's financial health or financial position. Over time, increases or decreases in net position (deficit) 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 position (deficit) 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 position (deficit) 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 20 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 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 RSI-7. 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 F, G and H 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 I and J 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 position (deficit) 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 and deferred outflows exceeded assets and deferred inflows by \$507,608,408 as of June 30, 2016. The growth in the deficit from FY2015 to FY2016 concerns primarily liabilities associated with the pension and OPEB items.

Town of Hamden, Connecticut Summary Statement of Net Position (Deficit)

	June 30, 2016	June 30, 2015
Current and other assets	\$ 47,120,547	\$ 35,915,658
Deferred outflows of resources	4,067,552	544,293
Capital assets	258,120,031	260,225,060
Total assets and deferred outflows of resources	309,308,130	296,685,011
Other liabilities	17,843,746	31,871,825
Deferred inflows of resources	13,030,335	8,256,378
Long-term liabilities	784,194,457	740,861,858
Total liabilities and deferred inflows of resources	815,068,538	780,990,061
Net position (deficit):		
Net investment in capital assets	133,799,179	122,955,059
Restricted	1,477,730	10,943
Unrestricted (deficit)	(641,037,317)	(607,271,052)
Total net position (deficit)	\$ (505,760,408)	\$ (484,305,050)

By far the largest portion of the Town of Hamden's net position (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.

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

	Year Ended June 30, 2016	Year Ended June 30, 2015
Operating Revenues:		
Charges for services	\$ 7,345,929	\$ 6,311,454
Operating grants and contributions	55,371,251	39,892,994
Capital grants and contributions	4,639	1,731,870
General Revenues:		
Property taxes	168,743,792	164,346,117
Grants not restricted to specific purposes	1,237,839	6,422,987
Unrestricted investment earnings	157,005	109,947
Miscellaneous	1,071,649	613,747
Total revenues	233,932,104	219,429,116
Expenses:		
General government	16,622,193	17,118,599
Education	156,292,606	156,213,467
Public safety	45,266,562	42,494,099
Public works	32,449,677	35,233,621
Health and welfare	1,755,969	3,882,182
Culture and recreation	5,181,345	4,870,239
Interest on long-term debt	9,624,520	7,122,414
Total expenses	267,192,872	266,934,621
Changes in net position (deficit)	(33,260,768)	(47,505,505)
Net position (deficit), beginning (restated)	(472,499,640)	(436,799,545)
Net position (deficit), ending	\$ (505,760,408)	\$ (484,305,050)

The Town of Hamden's net deficit increased by \$33,060,391 during the fiscal year. This increase in the deficit is principally due to the increase in pension and other post-employment benefits.

Governmental Activities

For governmental activities, approximately 72% of the revenues were derived from property taxes, followed by approximately 24% from intergovernmental revenues.

Major revenue factors included:

- Property tax revenue increased by \$4,397,625 due to a mill rate increase.

For governmental activities, approximately 59% of the Town's expenses relate to education, 6% relate to general government, 12% relate to public works operations, 17% to public safety and the remaining 6% relate to interest expense, health and welfare, community development and culture and recreation.

Major expense factors include:

- Functional expenses generally increased due primarily to the increase in pension and other post-employment benefits.

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 \$2,960,701.

As stated earlier, the fund balances of the Town of Hamden's general fund decreased by \$(2,483,051) during the current fiscal year. This increase was due to lower than expected operating expenditures.

The **Capital Project Fund** had an increase in fund balance of \$28,463,581 which included an increase in bond proceeds and the current year capital expenditures.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were \$209,359,984, which were lower than budgetary estimates by \$2,175,955.

Actual expenditures and transfers out on a budgetary basis totaled \$211,643,036 or \$107,097 greater 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, 2016, amounts to \$450 million on a gross basis and \$258 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, 2016	June 30, 2015
Governmental funds capital assets:		
Land	\$ 18,281,108	\$ 18,281,108
Land improvements	12,796,961	13,845,613
Buildings and improvements	170,176,619	139,745,533
Machinery and equipment	9,356,386	7,678,030
Infrastructure	7,764,706	12,219,949
Construction in progress	39,744,251	68,454,825
Total	\$ 258,120,031	\$ 260,225,058

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 \$292,220,000, compared to \$262,270,000 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 on April 16, 2013 to be "A3" by Moody's Investor's Service and "A" by Standard & Poor's.

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 2016/2017

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.

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Basic Financial Statements

Statement of Net Position (Deficit)
June 30, 2016

	Primary Governmental Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,231,042
Receivables, net	9,580,305
Inventory	21,207
Cash and cash equivalents - restricted	22,269,185
Due from fiduciary funds	1,018,808
Capital assets:	
Capital assets, not being depreciated	58,025,359
Capital assets, being depreciated, net	200,094,672
Total assets	<u>305,240,578</u>
Deferred outflows of resources:	
Deferred outflows- deferred charges on refunding	1,268,941
Deferred outflows- pension	2,798,611
Total deferred outflow of resources	<u>4,067,552</u>
Liabilities	
Accounts payable and accrued expenses	\$ 11,775,593
Accrued interest	5,897,171
Due to fiduciary funds	170,982
Noncurrent liabilities:	
Due within one year	15,784,240
Due in more than one year	768,410,217
Total liabilities	<u>802,038,203</u>
Deferred inflows of resources:	
Deferred inflows- pension	8,469,314
Advance tax collections	4,561,021
Total deferred inflow of resources	<u>13,030,335</u>
Net position (deficit):	
Net investment in capital assets	133,799,179
Restricted	1,477,730
Unrestricted	(641,037,317)
Total net position(deficit)	<u>\$ (505,760,408)</u>

See notes to financial statements.

Town of Hamden, Connecticut

Exhibit B

Statement of Changes in Net Position (Deficit)
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position (Deficit) Primary Government Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ (16,622,193)	\$ 1,834,282	\$ 4,222,526	\$ -	\$ (10,565,385)
Public safety	(45,266,562)	2,874,224	359,687	-	(42,032,651)
Public works	(32,449,677)	883,974	2,593,927	4,639	(28,967,137)
Health and welfare	(1,755,969)	36,366	530,757	-	(1,188,846)
Cultural and recreation	(5,181,345)	287,592	8,880	-	(4,884,873)
Education	(156,292,606)	1,429,491	47,655,474	-	(107,207,641)
Interest on long-term debt	(9,624,520)	-	-	-	(9,624,520)
Total primary government	\$ (267,192,872)	7,345,929	55,371,251	\$ 4,639	(204,471,053)
General revenues:					
					168,743,792
					1,237,839
					157,005
					1,071,649
					<u>171,210,285</u>
					Change in net position (deficit)
					(33,260,768)
					Net position (deficit), beginning, as restated (Note 12)
					<u>(472,499,640)</u>
					Net position (deficit), ending
					<u>\$ (505,760,408)</u>

See notes to financial statements.

**Balance Sheet
Governmental Funds
June 30, 2016**

	Major Funds			Total Governmental Funds
	General Fund	Capital Project Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 33,775,975	\$ 253,125	\$ 2,093,706	\$ 36,122,806
Receivables, net	8,745,884	-	1,082,853	9,828,737
Due from other funds	6,188,478	22,269,185	2,599,143	31,056,806
Inventories	-	-	21,207	21,207
Total assets	\$ 48,710,337	\$ 22,522,310	\$ 5,796,909	\$ 77,029,556
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts and other payables	\$ 7,880,776	\$ 2,054,419	\$ 1,804,005	\$ 11,739,200
Due to other funds	25,846,989	-	2,255,690	28,102,679
Total liabilities	33,727,765	2,054,419	4,059,695	39,841,879
Deferred inflows of resources:				
Payments in advance	4,561,021	-	-	4,561,021
Unavailable revenues	7,460,850	-	-	7,460,850
Total deferred inflows of resources	12,021,871	-	-	12,021,871
Fund balances:				
Nonspendable	-	-	21,207	21,207
Restricted for:				
Donor's intentions	-	-	10,943	10,943
Capital outlay	-	20,467,891	-	20,467,891
Grants	-	-	1,477,730	1,477,730
Committed for:				
Other	-	-	1,708,066	1,708,066
Unassigned	2,960,701	-	(1,480,732)	1,479,969
Total fund balances	2,960,701	20,467,891	1,737,214	25,165,806
Total liabilities, deferred inflows of resources and fund balances	\$ 48,710,337	\$ 22,522,310	\$ 5,796,909	

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

Capital assets used in the governmental activities are not financial resources, and therefore, are not reported in the funds.	258,120,031
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	7,460,850
Net deferred inflows/outflows due to pension liabilities	(5,670,703)
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.	(9,330,647)
Accrued interest payable not recorded in the funds	(5,897,171)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(775,608,574)
Net position (deficit) of governmental activities (Exhibit A)	\$ (505,760,408)

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2016**

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Project Fund		
Revenues:				
Property taxes and assessments	\$ 166,677,729	\$ -	\$ -	\$ 166,677,729
Intergovernmental	44,146,760	-	12,331,325	56,478,085
Charges for services	5,459,071	-	1,694,956	7,154,027
Investment income	156,928	-	77	157,005
Miscellaneous	1,069,242	-	2,403	1,071,645
Total revenues	217,509,730	-	14,028,761	231,538,491
Expenditures:				
Current:				
General government	9,306,122	-	-	9,306,122
Public safety	27,485,639	-	358,959	27,844,598
Public works	11,811,930	-	21,063	11,832,993
Health & welfare	1,172,390	-	548,194	1,720,584
Culture and recreation	2,471,994	-	12,975	2,484,969
Education	94,446,338	-	11,724,782	106,171,120
Employee benefits	53,716,833	-	-	53,716,833
Other	-	-	2,287,522	2,287,522
Capital outlay	-	12,468,164	-	12,468,164
Debt service	22,139,790	-	-	22,139,790
Total expenditures	222,551,036	12,468,164	14,953,495	249,972,695
Excess (deficiency) of revenues over (under) expenditures	(5,041,306)	(12,468,164)	(924,734)	(18,434,204)
Other financing sources (uses):				
Transfer from other funds	363,255	-	-	363,255
Transfer to other funds	-	(363,255)	-	(363,255)
Premium	2,195,000	-	-	2,195,000
Proceeds from bond anticipation notes	-	23,335,000	-	23,335,000
Proceeds from sale of bonds	-	17,960,000	-	17,960,000
Total other financing sources (uses)	2,558,255	40,931,745	-	43,490,000
Change in fund balances (deficits)	(2,483,051)	28,463,581	(924,734)	25,055,796
Fund balances (deficits), beginning, as restated	5,443,752	(7,995,690)	2,661,948	110,010
Fund balances, ending	\$ 2,960,701	\$ 20,467,891	\$ 1,737,214	\$ 25,165,806

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

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)	\$ 25,055,796
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 depreciation exceeded capital outlay in the current period.	(2,105,029)
Net deferred outflows (inflows) due to the net pension liabilities	(6,712,729)
Change in Town's receivables that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and are, therefore, reported as deferred inflows of resources in the funds.	1,262,499
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 pension. Also, governmental funds report the effect of 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. Also included are changes in other expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(46,366,290)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(4,395,015)</u>
Change in net position (deficit) of governmental activities (Exhibit B)	<u><u>\$ (33,260,768)</u></u>

See notes to financial statements.

**Statement of Net Fund Position - Proprietary Funds
June 30, 2016**

	Governmental Activities
	<u>Internal</u>
	Service Funds
Assets	
Current assets:	
Cash and cash equivalents	\$ 377,421
Due from other funds	5,299
Total assets	<u>382,720</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	207,375
Due to other funds	2,189,050
Total current liabilities	<u>2,396,425</u>
Noncurrent liabilities:	
Incurred, but not reported claims	7,316,942
Total noncurrent liabilities	<u>7,316,942</u>
Total liabilities	<u>9,713,367</u>
Net fund position (deficit):	
Unrestricted (deficit)	(9,330,647)
Total net fund position (deficit)	<u>\$ (9,330,647)</u>

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in Net Fund Position (Deficit)
Proprietary Funds
For the Year Ended June 30, 2016**

	Governmental Activities
	<u>Internal</u>
	Service Funds
<hr/>	
Operating revenues:	
Employer's contribution	\$ 22,350,000
Employee contribution	4,335,113
Total operating revenues	<u>26,685,113</u>
Operating expenses:	
Claims and other expenses	31,080,128
Total operating expenses	<u>31,080,128</u>
Operating loss	(4,395,015)
Net fund position (deficit), beginning	<u>(4,935,632)</u>
Net fund position (deficit), ending	<u><u>\$ (9,330,647)</u></u>

See notes to financial statements.

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

	Governmental Activities
	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Receipts from employees and other funds	\$ 26,901,381
Payments for benefits	<u>(27,853,930)</u>
Net cash flows used in operating activities	<u>(952,549)</u>
Net decrease in cash and cash equivalents	(952,549)
Cash and cash equivalents, beginning	<u>1,329,970</u>
Cash and cash equivalents, ending	<u><u>\$ 377,421</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (4,395,015)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	216,268
Increase in accounts payable	98,667
Increase in due to other funds	2,189,050
Increase in claims incurred but not reported	<u>938,481</u>
Net cash flows used in operating activities	<u><u>\$ (952,549)</u></u>

See notes to financial statements.

Statement of Fiduciary Net Position
June 30, 2016

	Pension Trust Fund	Other Post- Employment Benefits	Private Purpose Trust Funds	Agency Funds
Assets				
Cash and cash equivalents	\$ 3,916,417	\$ 300,000	\$ 389,303	\$ 900,022
Investments, at fair value:				
Common stocks	29,529,425	-	-	-
Mutual funds	64,528,873	-	-	-
Alternative investments	56,625,670	-	-	-
Accounts receivable	339,303	-	-	-
Due from other funds	-	-	170,982	77,450
Prepaid expenses	14,617	-	-	-
Total assets	154,954,305	300,000	560,285	977,472
Liabilities				
Accounts payable and accrued expenses	120,181	-	6,000	-
Other liabilities	-	-	-	-
Due to other funds	-	1,005,951	12,857	-
Held for deposit for others	-	-	-	977,472
Total liabilities	120,181	1,005,951	18,857	977,472
Net position:				
Net position - restricted for pension and other purposes	154,834,124	-	541,428	-
Net position (deficit) - unrestricted	-	(705,951)	-	-
Total Net position (deficit)	\$ 154,834,124	\$ (705,951)	\$ 541,428	\$ -

See notes to financial statements.

**Statement of Changes in Fiduciary Net Position (Deficit) - Fiduciary Funds
For the Year Ended June 30, 2016**

	Pension Trust Fund	Other Post- Employment Benefits	Private Purpose Trust Funds
Additions:			
Contributions:			
Town of Hamden	\$ 12,100,000	\$ 12,900,000	\$ -
Employees	2,195,488	1,335,717	-
Other	-	-	240,591
Total contributions	14,295,488	14,235,717	240,591
Investment earnings:			
Net decrease in fair value of investments	(1,376,414)	-	-
Interest and dividends	3,192,122	-	1,934
Less: investment expenses	(346,896)	-	-
Net investment income	1,468,812	-	1,934
Total additions	15,764,300	14,235,717	242,525
Deductions:			
Benefits	24,437,110	-	-
Administrative expenses	118,719	-	-
Health claims	-	14,073,077	-
Other deductions	-	-	266,297
Total deductions	24,555,829	14,073,077	266,297
Change in net position (deficit)	(8,791,529)	162,640	(23,772)
Net position (deficit):			
Beginning of year	163,625,653	(868,591)	565,200
End of year	\$ 154,834,124	\$ (705,951)	\$ 541,428

See notes to financial statements.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. 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: Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, included in the financial statements of the Town.

Accounting standards adopted in the current year: GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 2.

The various funds included in the financial statements are described below:

Governmental funds: Governmental Funds are those through which most governmental functions typically are financed.

The **General fund** is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special revenue funds account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

Capital project funds account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay, other than reported in proprietary funds.

Permanent funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Proprietary funds: Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Internal service funds: account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Health Insurance Fund and Workers' Compensation Fund are the Town's internal service funds.

Fiduciary funds: Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

The **Pension and OPEB trust funds** accounts for the various defined benefit plans of the Town.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Measurement focus, basis of accounting and financial statement presentation: The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, charges for services and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 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 Fund** is used to account for the accumulation of resources to be used for retirement benefits.

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 nonoperating revenues and expenses.

Net other post-employment benefit obligations: In fiscal year 2008, the Town implemented GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions."* This pronouncement required the Town to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2008. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2007. The Town makes annual contributions based upon budgetary decisions using the actuarial valuation. The NOPEBO is recorded as a non-current liability in the government-wide financial statements.

On October 7, 2013 the Town's Legislative Council approved an ordinance to establish a trust fund to fund current and future post-employment health care benefits for eligible retired employees of the Town. The Mayor and the President of the Legislative Council will serve as trustees of the Trust. The Trustees will also serve as the Plan Administrator. The Legislative Council shall have authority to amend or terminate the Trust.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. 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. The fund is recorded at amortized cost.

Fair value: The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note 3 for additional information regarding fair value.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Investments measured at the net asset value (NAV): Certain investments are valued at fair value using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Town values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation, taking into account subsequent calls and distributions.

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.

For “Advances To/From Other Funds,” the assets reported in the governmental fund financial statements are offset by non-spendable fund balance to indicate that they are not expendable financial resources.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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 one year.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding 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 included in pension expense in a systematic and rational manner.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available. Advance tax collections represent taxes inherently associated with a future period. This amount is recognized during the period which the revenues is associated.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-term obligations: In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond principal premiums and discounts are deferred and amortized over the life the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments, are reported as debt service expenditures.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows/outflows and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund equity: The government-wide statement of net position presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances (net of unspent bond proceeds) of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position (deficit): This category consists of net position which does not meet the definition of the two preceding categories. A deficit will require future funding.

In the government fund financial statements, the Town classified fund balances as follows:

Nonspendable fund balance: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Committed fund balance: This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Hamden Legislative Council). Commitments may be established, modified, or rescinded only through resolutions approved by the Legislative Council.

Assigned fund balance: Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's adopted policy, the Mayor or the Finance Director has the authority to assign amounts for a specific purpose.

Unassigned fund balance: The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The net pension liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources

Note 2. 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 (deficit): The details of two components included in Exhibit C are as follows:

Long-term liabilities, 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	\$ (292,220,000)
Deferred charges on debt	(5,607,310)
Net pension liability	(286,688,533)
Net pension liability-MERS	(7,642,956)
MERS contribution payable	(1,045,514)
Net OPEB obligation	(171,272,584)
Compensated absences	(5,580,648)
Heart and hypertension	(3,466,229)
Landfill closure	(48,800)
Claims payable	(1,189,160)
Retro-pay- Police Union	(846,840)
Net adjustment to reduce fund balance to arrive at net position (deficit) of government activities	<u><u>\$ (775,608,574)</u></u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Other long-term assets 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	\$ 6,775,393
Noncurrent account receivable	<u>685,457</u>
Net adjustment to increase fund balance to arrive at net position (deficit) of government activities	<u>\$ 7,460,850</u>

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 (deficit) 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	\$ 9,680,192
Depreciation	<u>(11,785,221)</u>
Net adjustment to decrease net changes in fund balances to arrive at changes in net position (deficit) of governmental activities	<u>\$ (2,105,029)</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 position (deficit). Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." Also included in this reconciliation are "Some expenses/liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these differences are as follows:

Issuance of debt	\$ (41,295,000)
Payments of debt	11,345,000
Premiums	(2,040,833)
Amortization of bond premiums and savings	356,635
Net change in net pension liabilities	1,993,707
Net change in OPEB obligation	(17,193,482)
Net change in other liabilities	<u>467,683</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position (deficit) of governmental activities	<u>\$ (46,366,290)</u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 3. Deposits and Investments

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

	Deposit	Investments	Total
Cash and cash equivalents:			
Governmental funds	\$ 36,122,806	\$ -	\$ 36,122,806
Internal service funds	377,421	-	377,421
Fiduciary funds	5,505,742	-	5,505,742
Investments:			
Fiduciary funds (pension)	-	150,683,968	150,683,968
Total deposits and investments	<u>\$ 42,005,969</u>	<u>\$ 150,683,968</u>	<u>\$ 192,689,937</u>

Deposits: The carrying amounts of the Town's deposits at June 30, 2016 consist of the following:

Banks deposit accounts	\$ 41,852,422
Certificates of deposits	148,146
Cash on hand	5,401
Total deposits	<u>\$ 42,005,969</u>

Custodial credit risk:

Deposits: As of June 30, 2016, the carrying amount of the Town's deposits had bank balances of approximately \$43,433,000. The amount of the bank balance covered under federal depository insurance was approximately \$2,250,000. 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, 2016 approximately \$3,623,000 of uninsured deposits were collateralized under the provision.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of June 30, 2016, the Town held the following investments:

Investment Type	Fund	Fair Value
Common stock	Pension	\$ 29,529,425
Mutual funds	Pension	64,528,873
Alternative Investments	Pension	56,625,670
Total investments		<u>\$ 150,683,968</u>

Interest rate risk: Interest rate risk is the risk that changes in the market interest rates 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.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Town had no investments subject to this risk.

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 of Connecticut's General Statutes.

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

Investment Instruments Measured at Fair Value

	Fair Value Measurements Using			
	Quoted Prices			
	in Active	Significant	Significant	
	Markets for	Other	Other	
	Identical	Observable	Observable	
	Assets	Inputs	Inputs	
June 30, 2016	(Level 1)	(Level 2)	(Level 3)	
Investments by fair value level:				
Stocks	\$ 29,529,425	\$ 29,529,425	\$ -	\$ -
Mutual funds	64,528,873	15,376,000	49,152,873	-
Total investments by fair value level	94,058,298	44,905,425	49,152,873	-

Investments measured at the net asset level (NAV):

Two Multiple Investment Trust - Bonds	30,944,161
Real estate funds	25,681,509
Total investments measured at the NAV	56,625,670
Total investments measured at fair value	\$ 150,683,968

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Two Multiple Investment Trust - Bonds	\$ 30,944,161	\$ -	Daily	N/A
Real estate funds	25,681,509	-	*	*
Total Investments Measured at the NAV	\$ 56,625,670			

Town of Hamden, Connecticut

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

***Real estate funds:** This type includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These funds engage independent appraisers to value 100% of the real estate owned for at least 12 months, at various times throughout the year.

Two Multiple Investment Trust Fund: Includes one fund investing bonds diversified across multiple sectors. The fair value of the investment has been determined using the NAV per share of the investments. Daily liquidity is available.

Note 4. Receivables, Payables and Unearned or Unavailable Funds

The receivables as of June 30, 2016 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 for property taxes of \$569,000 are as follows:

	General Fund	Nonmajor Funds	Internal Service	Total
Property taxes	\$ 7,284,340	\$ -	\$ -	\$ 7,284,340
Intergovernmental	-	1,078,074	-	1,078,074
Accounts	1,461,544	4,779	-	1,466,323
Net total receivables	<u>\$ 8,745,884</u>	<u>\$ 1,082,853</u>	<u>\$ -</u>	<u>\$ 9,828,737</u>

Unearned and unavailable funds: 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:

	Unavailable	Unearned	Total
General fund:			
Delinquent property taxes	\$ 6,775,393	\$ -	\$ 6,775,393
Delinquent accounts receivable	685,457	-	685,457
Advanced payments	4,561,021	-	4,561,021
Total deferred revenue	<u>\$ 12,021,871</u>	<u>\$ -</u>	<u>\$ 12,021,871</u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 4. Receivables, Payables and Unearned or Unavailable Funds (Continued)

Payables: Payables as of June 30, 2016 for the Town's individual major funds and nonmajor funds were as follows:

	Vendors	Payroll	Cash Overdraft	Total
General fund	\$ 1,639,872	\$ 6,240,904	\$ -	\$ 7,880,776
Capital projects funds	2,054,419	-	-	2,054,419
Nonmajor funds	1,801,643	-	2,362	1,804,005
Total governmental funds	<u>\$ 5,495,934</u>	<u>\$ 6,240,904</u>	<u>\$ 2,362</u>	<u>\$ 11,739,200</u>

Note 5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables: Interfund receivables and payables at June 30, 2016 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 6,188,478	\$ 28,246,989
Capital projects	22,269,185	-
Nonmajor	2,743,453	-
Internal service fund	-	2,183,751
Other Post Employment Benefits	-	1,005,951
Private purpose trusts	158,125	-
Performance bond	77,450	-
	<u>\$ 31,436,691</u>	<u>\$ 31,436,691</u>

All balances result from a time lag between payment and reimbursement occurring between funds. All amounts are expected to be collected within one year. For the Capital Projects Fund, the amount is for bond proceeds held in the General Fund.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,281,108	\$ -	\$ -	\$ 18,281,108
Construction in progress	68,454,827	6,802,353	35,512,929	39,744,251
Total capital assets, not being depreciated	86,735,935	6,802,353	35,512,929	58,025,359
Capital assets, being depreciated:				
Land improvements	24,170,116	152,423	-	24,322,539
Buildings and improvements	204,995,551	34,544,690	-	239,540,241
Machinery and equipment	35,322,771	3,699,755	-	39,022,526
Infrastructure	89,080,677	46,100	52,200	89,074,577
Total capital assets being depreciated	353,569,115	38,442,968	52,200	391,959,883
Less accumulated depreciation for:				
Land improvements	10,324,502	1,201,076	-	11,525,578
Buildings and improvements	65,250,018	4,113,604	-	69,363,622
Machinery and equipment	27,644,742	2,021,398	-	29,666,140
Infrastructure	76,860,728	4,449,143	-	81,309,871
Total accumulated depreciation	180,079,990	11,785,221	-	191,865,211
Total capital assets, being depreciated, net	173,489,125	26,657,747	52,200	200,094,672
Governmental activities capital assets, net	\$ 260,225,060	\$ 33,460,100	\$ 35,565,129	\$ 258,120,031

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

Governmental activities:	
General government	\$ 912,636
Education	2,863,615
Public safety	455,876
Public works	7,392,512
Health and welfare	37,769
Community services	122,813
Total depreciation expense - governmental activities	\$ 11,785,221

Town of Hamden, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balance* as Restated	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 262,270,000	\$ 17,960,000	\$ 11,345,000	\$ 268,885,000	\$ 11,730,000
Bond anticipation notes	-	23,335,000	-	23,335,000	-
Total long-term debt	262,270,000	41,295,000	11,345,000	292,220,000	11,730,000
Deferred amount on:					
Bond premium	5,192,053	2,040,833	356,635	6,876,251	-
Net long-term debt	5,192,053	2,040,833	356,635	6,876,251	-
Other long-term liabilities:					
Net pension liability	290,814,288	-	4,125,755	286,688,533	-
Net pension liability- MERS*	5,510,908	2,132,048	-	7,642,956	-
MERS contribution payable*	1,089,810	-	44,296	1,045,514	45,000
Net OPEB obligation	154,079,102	17,193,482	-	171,272,584	-
Compensated absences	6,038,590	-	457,942	5,580,648	446,000
Claims payable	7,447,052	1,059,050	-	8,506,102	2,400,000
Heart and hypertension*	3,723,215	-	256,986	3,466,229	300,000
Landfill	65,200	-	16,400	48,800	16,400
Retro pay- Police Union	-	846,840	-	846,840	846,840
Total governmental activities long-term liabilities	\$ 736,230,218	\$ 64,567,253	\$ 16,603,014	\$ 784,194,457	\$ 15,784,240

* Restated - See Note 12.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

General obligation bonds: The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and are direct obligations and pledge the good faith and credit of the government. These bonds generally are issued as 5 year and 20 year serial bonds with equal amounts of principal maturing each year. As of June 30, 2016, the outstanding general obligation bonded indebtedness of the Town was as follows:

	General	Refunding
\$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	\$ 2,385,000	\$ -
\$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	-	2,000,000
\$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	-	3,150,000
\$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	27,330,000	-
\$13,150,000 G.O.B. 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	-	4,725,000
\$24,705,000 G.O.B. 2012, issue of 8/15/12, due 8/15/2032, interest at 2.0% to 5.0%, annual principal payments of \$1,235,000	20,995,000	-
\$29,415,000 G.O.B. refunding 2013, issue of 5/2/2013 due 8/25/2025 with interest of 5.0% and annual principal payments of \$1,320,000 to \$1,325,000	-	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	25,080,000	-

Town of Hamden, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

	<u>General</u>	<u>Refunding</u>
\$15,545,000 G.O.B. refunding 2015, issue of 5/2/2013 due 8/25/2025 with interest of 5.0% and annual principal payments of \$1,320,000 to \$1,325,000	-	13,250,000
\$125,000,000 pension funding bonds 2015, issue of 3/10/15, due 8/15/44 with interest at 4.0% to 5.2% and annual principal payments of \$2,070,000 to \$7,840,000	122,595,000	
\$17,960,000 bonds 2015 Series B, issue of 8/12/15 due 8/12/30 with interest at 3.0% to 6.0% and annual principal payments of \$510,000 to \$513,500	<u>17,960,000</u>	-
Total general obligation bonds	<u>\$ 216,345,000</u>	<u>\$ 52,540,000</u>

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

Year ended June 30:	<u>Governmental Activity</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 11,730,000	\$ 12,423,575
2018	12,525,000	11,510,812
2019	12,660,000	10,986,468
2020	13,160,000	10,433,412
2021	13,710,000	9,829,071
2022-2026	65,115,000	40,142,788
2027-2031	45,870,000	28,456,421
2032-2036	36,300,000	18,919,679
2037-2041	28,765,000	11,447,930
2042-2045	<u>29,050,000</u>	<u>3,119,480</u>
Totals	<u>\$ 268,885,000</u>	<u>\$ 157,269,636</u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

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:

Catetory	Debt Limit	Indebtedness	Balance
General	\$ 375,951,778	\$ 127,704,340	\$ 248,247,438
Pension	501,269,037	122,595,000	378,674,037
Schools	751,903,556	41,920,660	709,982,896
Sewers	626,586,296	-	626,586,296
Urban development	543,041,457	-	543,041,457

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$1,169,627,753.

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2016 was approximately \$1,198,000. Additional payments for principal and interest aggregating approximately \$685,000 are to be received through the bonds' maturity dates.

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:

	Beginning Balance	Borrowings	Repayments	Ending Balance
Bond anticipation notes:				
August 2014 BAN	\$ 17,960,000	\$ -	\$ 17,960,000	\$ -
August 2015 BAN	-	23,335,000	-	23,335,000
Total governmental funds	\$ 17,960,000	\$ 23,335,000	\$ 17,960,000	\$ 23,335,000

The bond anticipations of \$23,335,000 are recorded as long-term debt as they were refinanced with government obligations bonds in August 2016.

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. As of June 30, 2016, there is \$49,420,000 of revenue bonds outstanding.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems

Town 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.

Employees 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 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.

The Town of Hamden makes contributions to the Plan, at the discretion of the Town's Legislative Council.

Plan provisions include mandatory employee contributions by service employees. Effective January 1, 2000, plan provisions also include mandatory employee contributions by Guardian employees and all employee contributions are made on a pre-tax basis. These contributions are negotiated as part of the collective bargaining agreements.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Service employees currently contribute 6.5% of their average annual compensation. Guardian employees contributed 8.5% of average annual compensation. Average compensation includes regular base salary, longevity payments and any workers compensation payments.

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.

Summary of significant accounting policies:

Basis of accounting: Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Administrative costs: Administrative costs of the Plan are financed through investment earnings.

Investments: Investments are reported at fair value.

Investment policy: The pension plan's policy in regard to the 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. The assets must be invested with the care, skill and diligence that a prudent person acting in this capacity would exercise to comply with all objectives outlined herein, the Investment Advisors Act of 1940 and all other governing statutes.

Based on recommendations 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>
Equity - domestic	30%
Equity - international	10%
Fixed income	40%
Global Tactical Asset Allocation	10%
Real estate	10%
Total	<u>100%</u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses was 1.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2016 were as follows:

Total pension liability	\$ 441,521,657
Plan fiduciary net position	154,834,124
Town's net pension liability	<u>\$ 286,687,533</u>

Plan fiduciary net position as a percentage of the total liability	35.07%
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Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	2.5%
Investment rate of return	7.0% including inflation, net of pension plan investment expense

Healthy mortality rates were based on the six-distinct RP-2000 Combined Healthy Mortality Table, projected 19 years with Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic equity	6.75%	30
International equity	7.45%	10
Fixed income	1.75%	40
Global Tactical Asset Allocation	3.75%	10
Real estate	4.55%	10
Total		<u>100</u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Discount rate: The blended discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current negotiated contribution rates: 8.50% of annual compensation for Guardians, and 8.00% of annual compensation for Service employees. Town contributions are assumed to be made in accordance with Section 219 of Public Act 14-217, specifically 70% of the actuarially determined contribution for the fiscal year ending June 30, 2017, 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 (28 years remaining). Amortization payments are expected to grow by 2% annually. Based on these assumptions, the Retirement Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on Retirement Plan investments was applied to the projected benefit payments.

Membership in the Plan consisted of the following at July 1, 2015, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	722
Terminated plan members entitled to, but not yet receiving benefits	24
Active plan members	<u>408</u>
Total	<u><u>1,154</u></u>

Actuarial assumptions are as follows:

Valuation date:	7/1/15
Actuarial cost method:	Entry age normal method
Amortization method:	Level percent, with 2% annual increase
Remaining amortization period:	30 years closed as of 7/1/2014
Asset valuation method:	Market value, less unrecognized returns in each of the last five years.
Actuarial assumptions:	
Investment rate of return:	7.0%
Projected salary increases:	2.5% per year
Cost of living adjustments:	3.00% per year

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Changes in net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 454,439,941	\$ 163,625,653	\$ 290,814,288
Changes for the year:			
Service cost	5,888,328	-	5,888,328
Interest on total pension liability	30,955,497	-	30,955,497
Differences between expected and actual experience	1,347,205	-	1,347,205
Changes in assumptions	(26,672,204)	-	(26,672,204)
Employer contributions	-	12,100,000	(12,100,000)
Member contributions	-	2,195,488	(2,195,488)
Net investment income	-	1,468,812	(1,468,812)
Benefit payments, including refund to employee contributions	(24,437,110)	(24,437,110)	-
Administrative expenses	-	(118,719)	118,719
Net changes	(12,918,284)	(8,791,529)	(4,126,755)
Balances as of June 30, 2016	\$ 441,521,657	\$ 154,834,124	\$ 286,687,533

Sensitivity of the net pension liability to changes in the discount rate:

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 340,008,912	\$ 286,687,533	\$ 242,283,412

Deferred outflows/inflows recognized in future years:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 898,136	\$ (3,589,749)
Net difference between projected and actual earnings	12,003,767	-
Assumption changes	-	(17,781,468)
Total	\$ 12,901,903	\$ (21,371,217)

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

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

Year Ending June 30:	
2017	\$ (8,671,885)
2018	(5,082,135)
2019	3,359,531
2020	1,925,175
Total	<u>\$ (8,469,314)</u>

Municipal Employees' Retirement System

Plan description: Full-time employees participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit provisions: The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. 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. In addition, compulsory retirement is at age 65 for police and fire members.

Normal retirement: For members not covered by social security, retirement benefits are calculated as 2 percent of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½ percent of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2 percent of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0 percent each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100 percent of average final compensation and the minimum benefit is \$1,000 annually.

Early retirement: Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability retirement - service connected: This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50 percent of compensation at the time of disability.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Disability retirement - service connected: This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50 percent of compensation at the time of disability.

Disability retirement - non-service connected: This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death benefit: This applies to employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50 percent of the average of the life annuity allowance and reduced 50 percent joint and survivor allowance.

Contributions:

Member: Contributions for members not covered by social security are 5 percent of compensation; for members covered by social security, 2¼ percent of compensation up to the social security taxable wage base plus 5 percent, if any, in excess of such base.

Employer: Participating employers make 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 MERS not met by member contributions.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2016, the Town reports a liability of \$7,642,956 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2016, the Town's proportion was 3.97 percent. The increase or decrease in proportion from June 30, 2014 is not available. Investments are measured at fair value.

For the year ended June 30, 2016, the Town recognized pension expense of \$3,452,823. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions after the measurement date	\$ 2,219,517	\$ -
Net difference between projected and actual earnings on pension plan investments	579,094	-
Total	<u>\$ 2,798,611</u>	<u>\$ -</u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Amounts reported as deferred inflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30:		
2017		\$ 32,612
2018		32,612
2019		32,612
2020		481,257
Total		<u>\$ 579,093</u>

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

Inflation:	3.25%
Salary increases:	4.25% - 11.00%, including inflation
Investment rate of return:	8.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

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 class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	16%	5.8%
Developed Non-U.S. Equities	14%	6.6%
Emerging Markets (Non-U.S.)	7%	8.3%
Core Fixed Income	8%	1.3%
Inflation Linked Bond Fund	5%	1.0%
Emerging Market Bond	8%	3.7%
High Yield Bonds	14%	3.9%
Real Estate	7%	5.1%
Private Equity	10%	7.6%
Alternative Investments	8%	4.1%
Liquidity Fund	3%	0.4%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. 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 contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Decrease (9.00%)
Town's proportionate share of the net pension liability	\$ 13,975,739	\$ 7,642,956	\$ 2,314,463

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Teachers' Retirement System Plan Description

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

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

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

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

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

Employer (school districts): School District employers are not required to make contributions to the plan.

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

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

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100 percent of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	122,756,960
Total	<u>\$ 122,756,960</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$3,884,000 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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

Inflation:	3.00%
Salary increases:	3.75% - 7.00%, including inflation
Investment rate of return:	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2 percent.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

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 class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Core Fixed Income	7.00%	1.30%
Inflation Linked Bond Fund	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.80%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Liquidity Fund	6.00%	0.40%
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

Other post-employment benefits: 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, 2014. 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.

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 2016, the Town contributions made on a pay-as-you go basis were \$13,000,000.

Membership in the plan consisted of the following at July 1, 2014, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,289
Active plan members	843
Total	<u>2,132</u>

The calculation of the change in net OPEB obligation for the year ended June 30, 2016 is as follows:

Annual required contribution	\$ 39,778,717
Interest on net pension obligation	6,163,164
Adjustment to ARC	<u>(10,370,919)</u>
Annual OPEB cost	35,570,962
Contributions made	<u>(18,377,480)</u>
Increase in net OPEB liability	17,193,482
Net OPEB obligation, beginning of year	<u>154,079,102</u>
Net OPEB obligation, end of year	<u>\$ 171,272,584</u>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 and based on the valuation at July 1, 2014. 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 thirty years.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

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
6/30/14	\$ 34,884,722	\$ 17,669,283	50.7%	\$ 136,849,403
6/30/15	34,567,833	17,338,134	50.2%	154,079,102
6/30/16	35,570,962	18,377,480	51.7%	171,272,584

Funded status and funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Actuarial (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	\$ -	\$ 451,966,876	\$ 451,966,876	0.00%	N/A	N/A

Historical trend information: 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.

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.

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 of 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.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems (Continued)

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation date:	7/1/14
Actuarial cost method:	Projected unit credit
Asset valuation method:	N/A
Amortization method:	Level dollar closed, 30 years
Remaining amortization period:	24 years as of July 1, 2014
Actuarial assumptions:	
Investment rate of return:	4.0% (pay-as-you-go)
Inflation rate:	2.0%
Projected salary increases:	N/A
Non-Medicare medical trend rate:	7.5% graded to 5.0% over 5 years
Medicare medical trend rate:	6.5% graded to 5.0% over 3 years
Prescription drug trend:	8.5% graded to 5.0% over 7 years
Dental cost trend rate:	4.0%
Administrative expense trend rate:	3.0%
ACA excise tax threshold trend rate:	3.5% in 2018, 2.5% thereafter

Note 9. 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.

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 \$48,800, 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, 2016. 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.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies (Continued)

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 \$65.00 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 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 31 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 \$465,244. There were no additional reserve fees added per ton for the year ended June 30, 2016.

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.

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 programs 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 Financial Statements

Note 9. Commitments and Contingencies (Continued)

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 Statement Nos. 10 and 30, which require that a liability for estimated claims incurred but not reported, be recognized. 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:

Fiscal Year Ended June 30:	Claims Payable Beginning	Claims and Changes in Estimates	Claims Paid	Claims Payable Ending
Worker's compensation and medical insurance:				
2015	\$ 7,821,777	\$ 20,342,687	\$ 20,717,412	\$ 7,447,052
2016	7,447,052	25,774,589	24,715,539	8,506,102
Heart and hypertension:				
2015	\$ 5,011,369	\$ 232,025	\$ 522,811	\$ 4,720,583
2016	4,720,583	(997,368)	256,986	3,466,229
Total				
2015	\$ 12,833,146	\$ 20,574,712	\$ 21,240,223	\$ 12,167,635
2016	12,167,635	24,777,221	24,972,525	11,972,331

Note 10. Fund Deficits

Fund deficits: The Town has the following fund deficits at June 30, 2016 and expects to eliminate the deficits in the future as follows:

Fund	Deficit	Plan for Elimination
Human services	\$ 24,835	Future receipt of grant
Community development	58,266	Future receipt of grant
Public works	44,073	Future receipt of grant
Other capital projects	235,984	Future bonding
Wintergreen interdistrict	1,117,574	Future receipt of grant
Other post-employment benefits	705,951	Future charges for services
Worker's compensation	5,260,848	Future charges for services
Medical insurance	4,069,799	Future charges for services

Town of Hamden, Connecticut

Notes to Financial Statements

Note 11. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Town of Hamden, Connecticut

Notes to Financial Statements

Note 11. Governmental Accounting Standards Board (GASB) Statements (Continued)

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 12. Restatements

The Town's financial statements have been restated as of June 30, 2015. The restatement are to properly report the Connecticut Municipal Employees' Retirement System (MERS) net pension liability and related deferred inflows/outflows, the Town pension plan's deferred inflows/outflows, bond premiums, debt issuance costs, and deferred charges on refunding. Governmental Activities will show a restatement of net position for the beginning of the year as follows:

Net position (deficit), June 30, 2015, as previously reported	\$ (484,305,050)
MERS net pension liability	(5,510,908)
MERS contribution payable	(1,089,810)
Deferred inflows/outflows- MERS	2,484,096
Deferred inflows/outflows- town pension plan	(1,442,070)
Bond premium	5,734,990
Debt issuance costs	(544,293)
Deferred charges on refunding	6,676,037
Claims and judgements	4,500,000
Heart and hypertension	997,368
Net position (deficit), June 30, 2015, as restated	<u><u>\$ (472,499,640)</u></u>

Town of Hamden, Connecticut

Notes to Financial Statements

Note 12. Restatements (Continued)

The Town's financial statements have been restated as of June 30, 2015. The restatement was to properly report the bond premium as an other financing source. The General Fund will show a restatement of fund balance for the beginning of the year as follows:

Fund balance, June 30, 2015, as previously reported	\$ 3,043,752
Bond premium	2,400,000
Fund balance, June 30, 2015, as restated	<u>\$ 5,443,752</u>

Note 13. Subsequent Events

The Town issued \$28,535,000 of general obligation bonds on August 9, 2016. The bonds mature in August of 2036 with an interest rate ranging from 3.00% to 5.00%.

**Required Supplementary
Information - unaudited**

**Required Supplementary Information - Unaudited
Schedule of Changes in Net Pension Liability and Related Ratios and Investment Returns - Pension Plan
Last Three Fiscal Years***

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

Notes to schedule:

Benefit changes: There have been no changes in benefit provisions since GASB 67 implementation.

Changes of assumptions: There have been assumption changes since GASB67 implementation as outlined below:

- The assumed Cost of Living increases were lowered from 3.00% per year to 2.25% per year.
- The static projection of Scale BB was lengthened by 5 years, from 19 years to 24 years, on the RP-2000 mortality table.
- Assumed administrative expenses were increased from \$100,000 per year to \$115,000 per year.

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

**Required Supplementary Information - Unaudited
 Schedule of Changes in Net Pension Liability and Related Ratios
 and Investment Returns - Pension Plan (Continued)
 Last Three Fiscal Years***

Retirement Pension Trust	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	1.3%	1.0%	15.1%

**Required Supplementary Information - Unaudited
Schedules of Employer Contributions - Pension Plan
Last Ten Fiscal Years (In Thousands)
June 30, 2016**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 21,998,113	\$ 29,536,050	\$ 27,688,031	\$ 27,145,128	\$ 19,850,851	\$ 19,088,623	\$ 18,911,433	\$ 18,292,235	\$ 16,754,259	\$ 15,956,437
Contributions in relation to the actuarially determined contribution	12,100,000	14,768,025	12,500,000	9,340,000	3,040,000	6,550,000	12,500,000	12,500,000	12,000,000	9,000,000
Contribution (excess) deficiency	\$ 9,898,113	\$ 14,768,025	\$ 15,188,031	\$ 17,805,128	\$ 16,810,851	\$ 12,538,623	\$ 6,411,433	\$ 5,792,235	\$ 4,754,259	\$ 6,956,437
Covered employee payroll	\$ 28,397,008	\$ 28,992,189	\$ 29,347,110	\$ -	\$ 31,241,635	\$ -	\$ 33,051,700	\$ -	\$ 33,976,398	\$ -
Contributions as a percentage of covered-employee payroll	42.61%	50.94%	42.59%	0.00%	9.73%	0.00%	37.82%	0.00%	35.32%	0.00%

Notes to Schedule

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: 30 years remaining as of July 1, 2015
 Asset valuation method: Market value of assets less unrecognized returns in each of the last 5 years

Actuarial assumptions:

Investment rate of return: 7.00%
 Inflation rate: 3.00%
 Projected salary increases: 2.50%
 Cost-of-living adjustments: 2.25%
 Administrative expenses: \$115,000

Retirement rates:

Service: Age 55-61, 5.0% retirement probability; 62-64, 15%;
 65, 75.0%; 66-69, 60.0%; 70, 100.0%
 Guardian: Age 60-64, 25.0% retirement probability; 65, 100.0%

Mortality rates:

Healthy: RP-2000 Combined Healthy Mortality Table, projected 24 years with Scale BB
 Disabled: RP-2000 Disabled Retiree Table, projected 24 years with Scale BB

**Required Supplementary Information - unaudited
Other Post-Employment Benefits (OPEB)
Last Eight Fiscal Years**

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/09	\$ -	\$ 344,724,721	\$ 344,724,721	0.0%	N/A	N/A
07/01/12	-	439,980,586	439,980,586	0.0%	N/A	N/A
07/01/14	-	451,966,876	451,966,876	0.0%	N/A	N/A

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2016	\$ 39,778,717	46.2%
2015	38,069,376	45.5%
2014	37,757,368	46.8%
2013	36,186,117	40.6%
2012	34,822,130	45.5%
2011	32,076,366	38.4%
2010	30,951,154	35.7%
2009	30,659,975	34.6%

**Required Supplementary Information - Unaudited
 Schedule of the Town's Proportionate Share of Net Pension Liability
 Municipal Employees' Retirement System
 Last Two Fiscal Years***

	2016	2015
Town's proportion of the net pension liability	3.97%	3.97%
Town's proportionate share of the net pension liability	<u>\$ 7,642,956</u>	<u>\$ 5,510,908</u>
Town's covered-employee payroll	<u>\$ 11,446,209</u>	<u>\$ 11,446,209</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>66.77%</u>	<u>48.15%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.72%</u>	<u>90.48%</u>

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

Notes to Schedule

Changes in benefit terms:	None
Changes of assumptions:	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to 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
Remaining amortization period:	27 years
Asset valuation method:	5-year smoothed market

**Required Supplementary Information - Unaudited
Schedule of the Town's Proportionate Share of Net Pension Liability -
Teachers' Retirement Plan
Last Two Fiscal Years***

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

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

Notes to Schedule

Changes in benefit terms:	None
Changes of assumptions:	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to 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, 2010.
Actuarial cost method:	Entry age
Amortization method:	Level percent of salary, closed
Remaining amortization period:	22.4 years
Asset valuation method:	4-year smoothed market

Town of Hamden, Connecticut
 Required Supplementary Information - unaudited

RSI-6

Statement of Revenues and Expenditures - Budgetary Basis -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 167,587,504	\$ 167,587,504	\$ 166,677,729	\$ (909,775)
Intergovernmental	33,509,766	33,509,766	33,238,755	(271,011)
Charges for services	3,821,907	3,821,907	2,780,258	(1,041,649)
Investment income	90,000	90,000	156,928	66,928
Licenses, permits and fees	3,195,162	3,195,162	2,678,814	(516,348)
Other revenues	3,331,600	3,331,600	1,069,246	(2,262,354)
Total revenues	211,535,939	211,535,939	206,601,730	(4,934,209)
Expenditures:				
Current:				
General government	10,457,621	8,583,562	8,425,049	158,513
Public safety	27,199,776	27,616,843	27,485,643	131,200
Public works	11,620,753	12,241,832	11,819,438	422,394
Health and welfare	1,778,500	1,733,898	1,680,469	53,429
Cultural and recreation	2,951,249	2,872,619	2,837,476	35,143
Education	83,120,625	83,120,625	83,538,338	(417,713)
Employee benefits	54,663,553	55,622,698	53,716,833	1,905,865
Debt service:				
Principal retirements	9,940,000	9,940,000	11,345,000	(1,405,000)
Interest and other charges	9,803,862	9,803,862	10,794,790	(990,928)
Total expenditures	211,535,939	211,535,939	211,643,036	(107,097)
Revenues over (under) expenditures	-	-	(5,041,306)	(5,041,306)
Other financing sources (uses):				
Premium on debt issuance	-	-	2,195,000	2,195,000
Transfers in	-	-	563,254	563,254
Total other financing sources (uses)	-	-	2,758,254	2,758,254
Revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ (2,283,052)	\$ (2,283,052)

Note to Required Supplementary Information – Unaudited

Note 1. 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.

There were no additional appropriations for the year ended June 30, 2016.

Note to Required Supplementary Information – Unaudited

Note 1. Budgets and Budgetary Accounting (Continued)

The statement of revenues and expenditures, and change in fund balance - budgetary basis - budget to actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the Town's general budget policies are as follows:

A reconciliation of General Fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America (GMP) is as follows:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
Balance, budgetary basis	\$ 206,601,730	\$ 211,643,036
State teachers' retirement "on-behalf" payment, not recognized for budgetary purposes	<u>10,908,000</u>	<u>10,908,000</u>
Balance, GAAP basis	<u><u>\$ 217,509,730</u></u>	<u><u>\$ 222,551,036</u></u>

Special Revenue Funds: The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the granter agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

Capital Projects Funds: Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

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**Supplemental and Combining Nonmajor
Fund Statements and Schedules**

General Fund

**Schedule of General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Property taxes				
Current taxes	\$ 163,362,504	\$ 163,362,504	\$ 162,846,658	\$ (515,846)
Delinquent taxes	1,700,000	1,700,000	1,313,361	(386,639)
Supplemental taxes	1,500,000	1,500,000	1,638,543	138,543
Property tax interest	950,000	950,000	839,601	(110,399)
Property tax liens	10,000	10,000	12,700	2,700
Suspense collections	65,000	65,000	26,866	(38,134)
Total property taxes	167,587,504	167,587,504	166,677,729	(909,775)
Intergovernmental				
PILOT - State owned property	965,642	965,642	715,955	(249,687)
Elderly exemption freeze	-	-	666	666
Elderly exemption - circuit breaker	399,619	399,619	397,950	(1,669)
Disability exemption	9,286	9,286	8,877	(409)
PILOT - colleges and hospitals	2,870,469	2,870,469	2,870,139	(330)
Telecommunication access	145,114	145,114	114,977	(30,137)
PILOT - veterans exemption	143,885	143,885	141,622	(2,263)
Town road aid	688,305	688,305	673,660	(14,645)
Distressed municipalities	32,433	32,433	31,087	(1,346)
Mashantucket Pequot fund	947,962	947,962	951,150	3,188
Adult education	287,784	287,784	288,614	830
Magnet schools	23,400	23,400	22,100	(1,300)
School construction	1,352,210	1,352,210	1,141,555	(210,655)
Public school transportation	615,708	615,708	549,282	(66,426)
State bond interest subsidies	61,184	61,184	56,230	(4,954)
Nonpublic school transportation	173,826	173,826	166,129	(7,697)
Nonpublic school health	154,189	154,189	123,224	(30,965)
Education cost sharing grant	23,030,761	23,030,761	23,050,763	20,002
PILOT - Gr. New Haven WPCA	73,300	73,300	73,300	-
PILOT - Water Authority	1,048,000	1,048,000	968,549	(79,451)
Special ed excess cost	200,000	200,000	606,237	406,237
Miscellaneous grants	286,689	286,689	286,689	-
Total intergovernmental	33,509,766	33,509,766	33,238,755	(271,011)
Charges for services				
Other rents	7,000	7,000	3,528	(3,472)
Police extra duty	2,687,500	2,687,500	2,157,248	(530,252)
Police extra duty vehicle	115,000	115,000	120,300	5,300
Assessor fees	62,800	62,800	3,089	(59,711)
Elderly services charges	3,400	3,400	3,458	58
Code Enforcement	10,000	10,000	14,564	4,564
QU EMT	43,200	43,200	33,786	(9,414)

(Continued)

Schedule of General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Charges for services (continued)				
Youth services charges	10,480	10,480	7,555	(2,925)
Public works charges	192,000	192,000	49,138	(142,862)
Library charges	26,677	26,677	37,565	10,888
Arts & recreation	380,000	380,000	216,658	(163,342)
Planning and zoning	283,850	283,850	133,369	(150,481)
Total charges for services	3,821,907	3,821,907	2,780,258	(1,041,649)
Investment earnings	90,000	90,000	156,928	66,928
Licenses, Permits and Fees				
Town clerk	1,958,000	1,958,000	1,687,978	(270,022)
Police department	207,300	207,300	143,560	(63,740)
Fire department	145,000	145,000	105,708	(39,292)
Building	824,950	824,950	700,188	(124,762)
Engineering	54,912	54,912	38,520	(16,392)
Personnel	5,000	5,000	2,860	(2,140)
Total licenses, permits and fees	3,195,162	3,195,162	2,678,814	(516,348)
Miscellaneous revenues				
BOE medical	136,000	136,000	57,062	(78,938)
Workers' Comp	70,000	70,000	104,574	34,574
Term life revenue	30,000	30,000	23,175	(6,825)
Miscellaneous	3,500	3,500	712	(2,788)
School bus enforcement	20,000	20,000	36,858	16,858
Quinnipiac University	100,000	100,000	-	(100,000)
Sale of surplus assets	40,000	40,000	3,840	(36,160)
Town Center Park	7,500	7,500	-	(7,500)
Town project	1,271,500	1,271,500	240,920	(1,030,580)
Extra duty interest	-	-	534	534
Relocation reimbursement	1,100	1,100	-	(1,100)
Animal control	2,000	2,000	1,310	(690)
Miscellaneous - finance office	1,650,000	1,650,000	600,261	(1,049,739)
Total miscellaneous revenues	3,331,600	3,331,600	1,069,246	(2,262,354)
Other financing sources				
Transfers in	-	-	563,254	563,254
Bond premium	-	-	2,195,000	2,195,000
Total financing sources	-	-	2,758,254	2,758,254
Total revenues and other financing sources	\$ 211,535,939	\$ 211,535,939	\$ 209,359,984	\$ (2,175,955)

**Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis -
Budget and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General government				
Legislative council	\$ 628,344	\$ 711,165	\$ 693,193	\$ 17,972
Emergency and contingency fund	1,298,000	3,469	-	3,469
Mayor	468,190	569,425	563,557	5,868
Elections and registrar	209,288	190,888	188,023	2,865
Finance	2,758,034	2,262,640	2,254,895	7,745
Tax assessor	313,753	312,914	312,518	396
Review of assessments	3,600	5,400	5,400	-
Tax collector	340,852	267,517	266,068	1,449
Town attorney	461,035	581,025	508,830	72,195
Town clerk	1,017,794	952,858	929,121	23,737
Planning and zoning	505,896	477,543	477,525	18
Personnel	332,057	322,057	317,469	4,588
Economic development	109,088	156,509	156,509	-
Purchasing	1,682,505	1,471,072	1,454,870	16,202
Probate court	5,750	5,750	5,496	254
Information and technology	318,435	293,330	291,575	1,755
Board of ethics	5,000	-	-	-
Total general government	10,457,621	8,583,562	8,425,049	158,513
Public safety				
Animal control	159,922	156,991	142,006	14,985
Police department	15,025,233	15,131,451	15,032,525	98,926
Fire department	12,014,621	12,328,401	12,311,112	17,289
Total public safety	27,199,776	27,616,843	27,485,643	131,200
Public works				
Building administration	394,929	394,728	394,008	720
Public works department	10,522,228	11,154,136	10,744,653	409,483
Engineering	506,899	461,567	459,686	1,881
Traffic/transportation	196,697	231,401	221,091	10,310
Total public works	11,620,753	12,241,832	11,819,438	422,394
Health and welfare				
Elderly services	488,444	497,306	488,398	8,908
Community services	319,648	308,196	298,412	9,784
Youth services	371,764	350,752	342,084	8,668
Mental health	190,934	169,934	169,080	854
Quinnipiac Valley health	338,839	338,839	338,839	-
Visiting nurses association	68,871	68,871	43,656	25,215
Total health and welfare	1,778,500	1,733,898	1,680,469	53,429
Board of education	83,120,625	83,120,625	83,538,338	(417,713)

(Continued)

**Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis -
Budget and Actual (Continued)
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and recreation				
Library	\$ 2,080,732	\$ 2,002,102	\$ 1,992,709	\$ 9,393
Arts programs	870,517	870,517	844,767	25,750
Total culture and recreation	2,951,249	2,872,619	2,837,476	35,143
Employee benefits				
Medical insurance	34,906,553	34,950,460	34,950,460	-
Pension	16,000,000	16,219,517	14,319,517	1,900,000
Fringes	3,757,000	4,452,721	4,446,856	5,865
Total employee benefits	54,663,553	55,622,698	53,716,833	1,905,865
Debt service				
Principal	9,940,000	9,940,000	11,345,000	(1,405,000)
Interest	9,803,862	9,803,862	10,794,790	(990,928)
Total debt service	19,743,862	19,743,862	22,139,790	(2,395,928)
Total expenditures and other financing uses	\$ 211,535,939	\$ 211,535,939	\$ 211,643,036	\$ (107,097)

Nonmajor Governmental Funds

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Town of Hamden, Connecticut

Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

	Special Revenue				
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 265	\$ 103,747	\$ 499
Receivables, net	4,779	-	-	-	-
Due from other funds	46,618	21,779	225,983	79,034	-
Inventory	-	-	-	-	-
Total assets	\$ 51,397	\$ 21,779	\$ 226,248	\$ 182,781	\$ 499
Liabilities and Fund Balances (Deficits)					
Liabilities:					
Accounts payable and accrued liabilities	\$ 11,803	\$ 4,256	\$ 98,650	\$ 380	\$ 33,328
Due to other funds	64,429	8,971	9,788	226,474	25,437
Total liabilities	76,232	13,227	108,438	226,854	58,765
Fund balance (deficit):					
Nonspendable	-	-	-	-	-
Restricted for:					
Donor's intentions	-	-	-	-	-
Grants	-	-	117,810	-	-
Committed	-	8,552	-	-	-
Unassigned	(24,835)	-	-	(44,073)	(58,266)
Total fund balance (deficit)	(24,835)	8,552	117,810	(44,073)	(58,266)
Total liabilities and fund balances (deficits)	\$ 51,397	\$ 21,779	\$ 226,248	\$ 182,781	\$ 499

Schedule 3

Special Revenue			Capital Projects			
Town Revitalization Projects	Board of Education	Total Special Revenue	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School
225,716	\$ 1,719,190	\$ 2,049,417	\$ -	\$ -	\$ -	\$ 11,984
-	1,078,074	1,082,853	-	-	-	-
430,493	-	803,907	310,060	287,748	63,888	-
-	21,207	21,207	-	-	-	-
<u>\$ 656,209</u>	<u>\$ 2,818,471</u>	<u>3,957,384</u>	<u>\$ 310,060</u>	<u>\$ 287,748</u>	<u>\$ 63,888</u>	<u>\$ 11,984</u>
\$ 6,032	\$ 1,621,970	1,776,419	\$ -	\$ -	\$ -	\$ -
-	189,920	525,019	-	-	-	1,129,558
<u>6,032</u>	<u>1,811,890</u>	<u>2,301,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129,558</u>
-	21,207	21,207	-	-	-	-
-	-	-	-	-	-	-
-	985,374	1,103,184	310,060	-	63,888	-
650,177	-	658,729	-	287,748	-	-
-	-	(127,174)	-	-	-	(1,117,574)
<u>650,177</u>	<u>1,006,581</u>	<u>1,655,946</u>	<u>310,060</u>	<u>287,748</u>	<u>63,888</u>	<u>(1,117,574)</u>
<u>\$ 656,209</u>	<u>\$ 2,818,471</u>	<u>\$ 3,957,384</u>	<u>\$ 310,060</u>	<u>\$ 287,748</u>	<u>\$ 63,888</u>	<u>\$ 11,984</u>

(Continued)

Town of Hamden, Connecticut

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

June 30, 2016

	Capital Projects			
	Construction of Spring Glen School	Memorial Town Hall	Other Capital Projects	Total Capital Projects
Assets				
Cash and cash equivalents	\$ -	\$ (15,044)	\$ 36,306	\$ 33,246
Receivables, net	-	-	-	-
Due from other funds	378,868	15,642	339,277	1,395,483
Inventory	-	-	-	-
Total assets	\$ 378,868	\$ 598	\$ 375,583	1,428,729
Liabilities and Fund Balances (Deficits)				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,363	\$ -	\$ 10,554	12,917
Due to other funds	-	-	601,013	1,730,571
Total liabilities	2,363	-	611,567	1,743,488
Fund balance (deficit):				
Nonspendable	-	-	-	-
Restricted for:				
Donor's intentions	-	-	-	-
Grants	-	598	-	374,546
Committed	376,505	-	-	664,253
Unassigned	-	-	(235,984)	(1,353,558)
Total fund balance (deficit)	376,505	598	(235,984)	(314,759)
Total liabilities and fund balances (deficits)	\$ 378,868	\$ 598	\$ 375,583	\$ 1,428,729

Schedule 3

Public Emergency Account	Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ 11,043	\$ 2,093,706
-	-	1,082,853
399,753	-	2,599,143
-	-	21,207
<u>\$ 399,753</u>	<u>\$ 11,043</u>	<u>\$ 5,796,909</u>
\$ 14,669	\$ -	\$ 1,804,005
-	100	2,255,690
<u>14,669</u>	<u>100</u>	<u>4,059,695</u>
-	-	21,207
-	10,943	10,943
-	-	1,477,730
385,084	-	1,708,066
-	-	(1,480,732)
<u>385,084</u>	<u>10,943</u>	<u>1,737,214</u>
<u>\$ 399,753</u>	<u>\$ 11,043</u>	<u>\$ 5,796,909</u>

Town of Hamden, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
Nonmajor Governmental Funds
For the Year Ended June 30, 2016**

	Special Revenue				
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development
Revenues:					
Intergovernmental	\$ 530,757	\$ 8,880	\$ 244,710	\$ 389,340	\$ 343,718
Charges for services	36,366	25,814	(28,492)	-	-
Investment income	-	-	-	-	-
Other	-	-	-	2,403	-
Total revenues	567,123	34,694	216,218	391,743	343,718
Expenditures:					
Public safety	\$ -	\$ -	\$ 358,959	\$ -	\$ -
Public works	-	-	-	-	-
Health and human services	548,194	-	-	-	-
Culture and recreation	-	12,975	-	-	-
Education	-	-	-	-	-
Other	-	-	-	417,350	359,287
Total expenditures	548,194	12,975	358,959	417,350	359,287
Changes in fund balances (deficits)	18,929	21,719	(142,741)	(25,607)	(15,569)
Fund balances (deficits), beginning	(43,764)	(13,167)	260,551	(18,466)	(42,697)
Fund balances (deficits), ending	\$ (24,835)	\$ 8,552	\$ 117,810	\$ (44,073)	\$ (58,266)

Schedule 4

Special Revenue			Capital Projects			
Town Revitalization Projects	Board of Education	Total Special Revenue	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School
9,711	\$ 10,799,570	\$ 12,326,686	\$ 4,290	\$ -	\$ -	\$ -
88,028	1,429,491	1,551,207	-	-	-	-
77	-	77	-	-	-	-
-	-	2,403	-	-	-	-
97,816	12,229,061	13,880,373	4,290	-	-	-
\$ -	\$ -	358,959	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	548,194	-	-	-	-
-	-	12,975	-	-	-	-
-	11,724,782	11,724,782	-	-	-	-
62,469	626,012	1,465,118	-	-	-	612,704
62,469	12,350,794	14,110,028	-	-	-	612,704
35,347	(121,733)	(229,655)	4,290	-	-	(612,704)
614,830	1,128,314	1,885,601	305,770	287,748	63,888	(504,870)
\$ 650,177	\$ 1,006,581	\$ 1,655,946	\$ 310,060	\$ 287,748	\$ 63,888	\$ (1,117,574)

(Continued)

Town of Hamden, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2016**

	Capital Projects			
	Construction of Spring Glen School	Memorial Town Hall	Other Capital Projects	Total Capital Projects
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 349	\$ 4,639
Charges for services	-	-	8,100	8,100
Investment income	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	8,449	12,739
Expenditures:				
Public safety	\$ -	\$ -	\$ -	-
Public works	-	-	21,063	21,063
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Other	-	-	122,149	734,853
Total expenditures	-	-	143,212	755,916
Changes in fund balances (deficits)	-	-	(134,763)	(743,177)
Fund balances (deficits), beginning	376,505	598	(101,221)	428,418
Fund balances (deficits), ending	<u>\$ 376,505</u>	<u>\$ 598</u>	<u>\$ (235,984)</u>	<u>\$ (314,759)</u>

Schedule 4

Public Emergency Account	Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 12,331,325
135,649	-	1,694,956
-	-	77
-	-	2,403
<u>135,649</u>	<u>-</u>	<u>14,028,761</u>
\$ -	\$ -	358,959
-	-	21,063
-	-	548,194
-	-	12,975
-	-	11,724,782
87,551	-	2,287,522
<u>87,551</u>	<u>-</u>	<u>14,953,495</u>
48,098	-	(924,734)
<u>336,986</u>	<u>10,943</u>	<u>2,661,948</u>
<u>\$ 385,084</u>	<u>\$ 10,943</u>	<u>\$ 1,737,214</u>

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Internal Service Funds

Combining Statement of Net Fund Position (Deficit)
Internal Service Funds
June 30, 2016

	Workers' Compensation Fund	Medical Insurance Fund	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 377,421	\$ -	\$ 377,421
Due from other funds	5,299	-	5,299
Total assets	<u>382,720</u>	<u>-</u>	<u>382,720</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	110,366	97,009	207,375
Due to other funds	-	2,189,050	2,189,050
Total current liabilities	<u>110,366</u>	<u>2,286,059</u>	<u>2,396,425</u>
Noncurrent liabilities:			
Claims incurred but not reported	5,533,202	1,783,740	7,316,942
Total liabilities	<u>5,643,568</u>	<u>4,069,799</u>	<u>9,713,367</u>
Net position (deficit):			
Unrestricted (deficit)	<u>\$ (5,260,848)</u>	<u>\$ (4,069,799)</u>	<u>\$ (9,330,647)</u>

Combining Statement of Revenues, Expenses and Changes in Net Fund Position (Deficit)
Internal Service Funds
For the Year Ended June 30, 2016

	Workers' Compensation Fund	Medical Insurance Fund	Totals
<hr/>			
Operating revenues:			
Employer contribution	\$ 2,250,000	\$ 20,100,000	\$ 22,350,000
Employee contribution	-	4,335,113	4,335,113
Total operating revenues	<hr/> 2,250,000	<hr/> 24,435,113	<hr/> 26,685,113
Operating expenses:			
Salaries, benefits and claims	2,823,917	28,256,211	31,080,128
Total operating expenses	<hr/> 2,823,917	<hr/> 28,256,211	<hr/> 31,080,128
Change in fund net position (deficit)	(573,917)	(3,821,098)	(4,395,015)
Fund net position (deficit), beginning	<hr/> (4,686,931)	<hr/> (248,701)	<hr/> (4,935,632)
Fund net position (deficit), ending	<hr/> <hr/> \$ (5,260,848)	<hr/> <hr/> \$ (4,069,799)	<hr/> <hr/> \$ (9,330,647)

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016**

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,250,000	\$ 24,651,381	\$ 26,901,381
Payments for benefits	(2,191,844)	(25,662,086)	(27,853,930)
Net cash provided by (used in) operating activities	58,156	(1,010,705)	(952,549)
Net increase (decrease) in cash and cash equivalents	58,156	(1,010,705)	(952,549)
Cash and cash equivalents, beginning	319,265	1,010,705	1,329,970
Cash and cash equivalents, ending	<u>\$ 377,421</u>	<u>\$ -</u>	<u>\$ 377,421</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Change in net fund position (deficit)	\$ (573,917)	\$ (3,821,098)	\$ (4,395,015)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Increase in other receivables	-	216,268	216,268
Decrease in due to other funds	-	2,189,050	2,189,050
Decrease in accounts payable and accrued expenses	1,658	97,009	98,667
Increase in claims payable	630,415	308,066	938,481
Net cash provided by (used in) operating activities	\$ 58,156	\$ (1,010,705)	\$ (952,549)

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Private Purpose Trust Funds

**Combining Statement of Net Position
Private Purpose Trust Funds
June 30, 2016**

	Private Purpose Trust Funds			Total
	Library Gift Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	
Assets				
Cash and cash equivalents	\$ 224,866	\$ 128,903	\$ 35,534	\$ 389,303
Due from other funds	3,952	-	167,030	170,982
Total assets	228,818	128,903	202,564	560,285
Liabilities				
Accounts payable	-	-	6,000	6,000
Due to other funds	-	-	12,857	12,857
Total liabilities	-	-	18,857	18,857
Net position:				
Held in trust for specific purposes	\$ 228,818	\$ 128,903	\$ 183,707	\$ 541,428

**Combining Statement of Changes in Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2016**

	Private Purpose Trust Funds			Total
	Library Gift Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	
Additions:				
Other	\$ 57,950	\$ 38,670	\$ 143,971	\$ 240,591
Total additions	57,950	38,670	143,971	240,591
Investment income:				
Interest and dividends	1,819	-	115	1,934
Net investment income	1,819	-	115	1,934
Total additions	59,769	38,670	144,086	242,525
Deductions:				
Other	83,661	54,983	127,653	266,297
Total deductions	83,661	54,983	127,653	266,297
Net change in fund net position	(23,892)	(16,313)	16,433	(23,772)
Fund net position, beginning	252,710	145,216	167,274	565,200
Fund net position, ending	\$ 228,818	\$ 128,903	\$ 183,707	\$ 541,428

Agency Funds

**Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2016**

	School Activity Fund	Adult Activity Funds	Performance Bonds	Total
Assets				
Cash and cash equivalents	\$ 312,113	\$ 17,260	\$ 570,649	\$ 900,022
External balances	-	-	77,450	77,450
Total assets	\$ 312,113	\$ 17,260	\$ 648,099	\$ 977,472
Liabilities:				
Held for deposits for others	312,113	17,260	648,099	977,472
Total liabilities	\$ 312,113	\$ 17,260	\$ 648,099	\$ 977,472

**Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ 363,489	\$ 926,526	\$ 977,902	\$ 312,113
Liability:				
Deposits held for others	\$ 363,489	\$ 926,526	\$ 977,902	\$ 312,113
Adult Activity Fund				
Assets:				
Cash and cash equivalents	\$ 36,422	\$ 135,206	\$ 154,368	\$ 17,260
Liability:				
Deposits held for others	\$ 36,422	\$ 135,206	\$ 154,368	\$ 17,260
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 462,159	\$ 108,490	\$ -	\$ 570,649
Due from other funds	77,450	-	-	77,450
Total assets	\$ 539,609	\$ 108,490	\$ -	\$ 648,099
Liability:				
Deposits held for others	\$ 539,609	\$ 108,490	\$ -	\$ 648,099
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 939,520	\$ 1,170,222	\$ 1,132,270	\$ 977,472
Liabilities:				
Deposits held for others	\$ 939,520	\$ 1,170,222	\$ 1,132,270	\$ 977,472

Other Schedules

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Town of Hamden, Connecticut

**Schedule of Property Taxes Levied, Collected and Outstanding
For the Year Ended June 30, 2016**

Grand List Year	Balance Uncollected July 1, 2015	Current Levy	Lawful Corrections		Transfers to (Recoveries From) Suspense	Balance to be Collected
			Increases	Decreases		
2000	\$ 59,520	\$ -	\$ -	\$ -	\$ -	\$ 59,520
2001	47,521	-	-	-	-	47,521
2002	45,379	-	-	-	-	45,379
2003	49,382	-	-	-	-	49,382
2004	54,928	-	-	117	-	54,811
2005	72,146	-	-	-	-	72,146
2006	84,819	-	-	-	-	84,819
2007	84,924	-	-	-	-	84,924
2008	165,007	-	-	-	-	165,007
2009	132,130	-	-	-	-	132,130
2010	299,491	-	481	4,434	-	295,538
2011	459,080	-	1,263	6,510	-	453,833
2012	808,029	-	87,201	11,973	-	883,257
2013	<u>2,234,643</u>	-	<u>89,385</u>	<u>62,392</u>	-	<u>2,261,636</u>
Total	4,596,999	-	178,330	85,426	-	4,689,903
2014	-	166,851,701	314,445	851,476	-	166,314,670
Total	<u>\$ 4,596,999</u>	<u>\$ 166,851,701</u>	<u>\$ 492,775</u>	<u>\$ 936,902</u>	<u>\$ -</u>	<u>\$ 171,004,573</u>

Schedule 12

Collections					Taxes	
Taxes		Interest	Lien Fees	Total	Receivable	
					June 30, 2016	
\$	-	\$	-	\$	-	\$ 59,520
	-		-		-	47,521
	154		330		48	45,225
	223		444		48	49,159
	236		437		48	54,575
	360		602		48	71,786
	375		559		48	84,444
	379		497		48	84,545
	883		429		48	164,124
	401		414		48	131,729
	18,521		13,761		73	277,017
	44,324		24,947		354	409,509
	303,676		75,257		1,008	579,581
	1,381,219		255,202		5,769	880,417
	1,750,751		372,879		7,588	2,939,152
	164,088,676		466,722		5,112	2,225,994
\$	165,839,427	\$	839,601	\$	12,700	\$ 5,165,146

**Schedule of Debt Limitation
For the Year Ended June 30, 2016**

Total tax collections (including interest and lien fees) for the year ended June 30, 2016	\$ 166,691,728
Reimbursement for revenue loss on: Elderly tax relief - freeze	<u>397,951</u>
Base	<u><u>\$ 167,089,679</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Bonding	Total Debt
Debt limitation:						
2 1/4 times base	\$ 375,951,778	\$ -	\$ -	\$ -	\$ -	\$ 375,951,778
4 1/2 times base	-	751,903,556	-	-	-	751,903,556
3 3/4 times base	-	-	626,586,296	-	-	626,586,296
3 1/4 times base	-	-	-	543,041,457	-	543,041,457
3 times base	-	-	-	-	501,269,037	501,269,037
7 times base	-	-	-	-	-	-
Total debt limitation	<u>375,951,778</u>	<u>751,903,556</u>	<u>626,586,296</u>	<u>543,041,457</u>	<u>501,269,037</u>	<u>2,798,752,123</u>
Indebtedness:						
Bonds payable	114,156,340	32,133,660	-	-	122,595,000	268,885,000
Bonds authorized and unissued	13,548,000	9,787,000	-	-	-	23,335,000
Total indebtedness	<u>127,704,340</u>	<u>41,920,660</u>	<u>-</u>	<u>-</u>	<u>122,595,000</u>	<u>292,220,000</u>
Less: school construction grants receivable	-	-	-	-	-	-
Total indebtedness of the Town	<u>127,704,340</u>	<u>41,920,660</u>	<u>-</u>	<u>-</u>	<u>122,595,000</u>	<u>292,220,000</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 248,247,438</u>	<u>\$ 709,982,896</u>	<u>\$ 626,586,296</u>	<u>\$ 543,041,457</u>	<u>\$ 378,674,037</u>	<u>\$2,506,532,123</u>