

FINAL OFFICIAL STATEMENT DATED AUGUST 10, 2017

NEW ISSUE: Book-Entry-Only

RATINGS: S&P Global Ratings: A+/SP-1+

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



Town of Hamden, Connecticut **\$11,510,000** **General Obligation Bonds, Issue of 2017, Series B**

Dated: Date of Delivery

Due: Serially, August 15, 2018 – 2037
As detailed inside the front cover

Interest on the Bonds will be payable semiannually on the fifteenth day of February and August of each year until maturity, commencing August 15, 2018. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in the principal amount of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

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

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

\$9,610,000 **General Obligation Bond Anticipation Notes** **Book-Entry-Only**

Dated: Date of Delivery

Due: August 23, 2018

The Notes are not subject to redemption prior to maturity.

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by Pullman & Comley, LLC, of Bridgeport, Connecticut. It is expected that the delivery of the Bonds and the Notes in definitive form will be made on or about August 24, 2017 through the facilities of DTC.

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

RAYMOND JAMES®

Town of Hamden, Connecticut
\$11,510,000
General Obligation Bonds, Issue of 2017, Series B

Dated: Date of Delivery

Due: Serially, August 15, 2018 – 2037

MATURITY SCHEDULE AND AMOUNTS

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2018	\$ 580,000	4.000%	1.070%	4067925U1	2028*	\$ 575,000	5.250%	2.910%	4067926E6
2019	580,000	5.000%	1.300%	4067925V9	2029*	575,000	5.250%	3.010%	4067926F3
2020	575,000	5.000%	1.500%	4067925W7	2030*	575,000	5.250%	3.100%	4067926G1
2021	575,000	5.250%	1.650%	4067925X5	2031*	575,000	5.250%	3.150%	4067926H9
2022	575,000	5.250%	1.850%	4067925Y3	2032*	575,000	5.250%	3.200%	4067926J5
2023	575,000	5.250%	2.050%	4067925Z0	2033*	575,000	5.250%	3.250%	4067926K2
2024	575,000	5.250%	2.250%	4067926A4	2034*	575,000	5.250%	3.300%	4067926L0
2025	575,000	5.250%	2.450%	4067926B2	2035*	575,000	5.250%	3.340%	4067926M8
2026*	575,000	5.250%	2.650%	4067926C0	2036*	575,000	5.250%	3.370%	4067926N6
2027*	575,000	5.250%	2.800%	4067926D8	2037*	575,000	5.250%	3.400%	4067926P1

* Priced assuming redemption on August 15, 2025; however any such redemption is at the option of the Town.

\$9,610,000
General Obligation Bond Anticipation Notes
Book-Entry-Only

Dated: August 24, 2017
Coupon: 3.00%
Yield: 1.07%

Due: August 23, 2018
CUSIP: 4067925T4

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

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

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

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

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

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

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

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

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall be executed in substantially the form attached as Appendix C to this Official Statement.

Table of Contents

	<u>Page</u>		<u>Page</u>
Introduction.....	1	Bonded Debt Maturity Schedule.....	23
I. Securities Offered.....	2	Temporary Financing.....	23
Description of the Bonds.....	2	Statement of Statutory Debt Limitation.....	24
Description of the Notes.....	2	Authorized But Unissued Debt.....	24
Optional Redemption.....	2	Current Debt Statement.....	25
Authorization and Purpose.....	3	Current Debt Ratios.....	25
Sources and Uses of Proceeds.....	3	Five-year Debt Statement Summary.....	25
Book-Entry-Only Transfer System.....	3	Five-year Debt Statement Summary Ratios.....	26
DTC Practices.....	4	Comparison of Annual Debt Service to Expenditures.....	26
Replacement Bonds.....	5	Authority to Incur Debt.....	26
Security and Remedies.....	5	V. Financial Section.....	27
Bondowners' Risk.....	5	Taxable Grand List.....	27
Forward Looking Statements.....	7	Major Taxpayers.....	27
Qualification for Financial Institutions.....	7	Tax Collections.....	28
Availability of Continuing Information.....	7	Property Tax Revenues.....	28
Ratings.....	8	Comparative Balance Sheets - General Fund.....	29
Tax Matters.....	8	Adopted Budget and Projections.....	30
Original Issue Discount.....	9	General Fund Revenues and Expenditures.....	31
Original Issue Premium.....	9	Explanation of Audited Financial Results.....	31
Underwriting.....	9	Intergovernmental Revenues as a Percent	
II. The Issuer.....	10	of General Fund Revenues.....	32
Description of the Town.....	10	Capital Improvement Plan.....	32
Form of Government.....	10	Future Debt Issuance Plans.....	32
Principal Municipal Officials.....	11	Budget Procedure.....	33
Summary of Municipal Services.....	11	Audit.....	33
Educational System.....	14	Assessment Practices.....	33
Educational Facilities.....	14	Property Tax Levies and Collections.....	34
School Enrollments.....	14	Investment Practices.....	34
Municipal Employees.....	15	Risk Management.....	35
Municipal Employee Bargaining Organizations.....	15	Pension Plans.....	36
III. Economic and Demographic Data Section.....	16	General Funding Practices of the Town's Retirement Plan.....	36
Population Trends and Densities.....	16	Participant Data.....	37
Age Distribution of the Population.....	16	Financial Information.....	37
Income Distribution.....	17	Actuarial Experience.....	37
Comparative Income Measures.....	17	Funding Status of the Town's Retirement Plan.....	38
Educational Attainment.....	17	Recommended Contribution.....	39
Labor Force Data.....	18	Strategic Plan to Fully Fund the Town's Retirement Plan.....	40
Industry Classification.....	18	Prospective Funding Status of the Town's Retirement Plan.....	41
Major Employers.....	19	Investments.....	42
Commute to Work.....	19	Financial Reporting Standard.....	42
Number and Value of Building Permits.....	19	Other Post Employment Benefits.....	43
Age Distribution of Housing.....	20	Schedule of Employer Contributions.....	43
Housing Units by Type of Structure.....	20	Schedule of Funding Progress.....	44
Housing Vacancy Rates.....	20	V. Additional Information.....	45
Owner Occupied Housing Values.....	21	Litigation.....	45
Number and Size of Households.....	21	Transcript and Closing Documents.....	45
Breakdown of Land Use.....	21	Concluding Statement.....	46
IV. Debt Section.....	22	Appendix A: 2016 General Purpose Financial Statements Excerpted	
Outstanding Short-Term Debt.....	22	from the Town's Annual Financial Report	
Outstanding Bonded Debt.....	22	Appendix B-1: Opinion of Bond Counsel - The Bonds	
Overlapping/Underlying Debt.....	22	Appendix B-1: Opinion of Bond Counsel - The Notes	
		Appendix C-1: Form of Continuing Disclosure Agreement - The Bonds	
		Appendix C-2: Form of Continuing Disclosure Agreement - The Notes	

OFFICIAL STATEMENT

Introduction

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Hamden, Connecticut (the “Town”) in connection with the sale of \$11,510,000 General Obligation Bonds, Issue of 2017, Series B (the “Bonds”), and \$9,610,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds or the Notes. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or Notes in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesman or any other person has been authorized by the Town to give any information or to make any representation, other than those contained in this Official Statement or any supplement that may be issued hereto, and if given or made, such information or representation must not be relied upon as having been authorized by the Town. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

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

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

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

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

(Remainder of page intentionally left blank)

SECTION I – SECURITIES OFFERED

Description of the Bonds

The Bonds will be dated as of the date of delivery, August 24, 2017, and will mature in annual installments on August 15 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on August 15 and February 15, in each year until maturity, commencing on August 15, 2018. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owner of the Bonds as of the close of business on the last business day of July and January in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds are subject to redemption prior to maturity as more fully described herein. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended.

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

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

Description of the Notes

The Notes in the principal amount of \$9,610,000 will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, August 23, 2018. The Notes will bear interest calculated on the basis of a 360-day year consisting of 30-day months, at such rate or rates per annum as are specified by the Underwriter. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-entry-only System” herein.

The Notes are not subject to redemption prior to maturity

Optional Redemption

The Bonds maturing on or before August 15, 2025 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2025 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 15, 2025 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner of the Bonds at the address of the registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

Authorization and Purpose

The Bonds and Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Town Charter and various bond ordinances adopted by the Town’s Legislative Council

Use of Proceeds

Project	Amount Authorized	Notes Maturing 8/24/2017	The Bonds	The Notes To Mature 8/23/2018
Alice Peck School	\$ 2,540,000	\$ 2,540,000	\$ -	\$ 2,540,000
Skiff Street Bridge.....	8,270,000	7,070,000	-	7,070,000
CIP Fiscal Year 2016-17	11,510,000	11,510,000	11,510,000	-
Total	\$ 22,320,000	\$ 21,120,000	\$ 11,510,000	\$ 9,610,000

Sources and Uses of Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	The Bonds	The Notes	Total
Par Amount.....	\$ 11,510,000.00	\$ 9,610,000.00	\$ 21,120,000.00
Net Original Issue Premium	1,647,830.25	182,974.40	1,830,804.65
Total Sources	\$ 13,157,830.25	\$ 9,792,974.40	\$ 22,950,804.65
Uses:			
Maturing BAN Principal Repayment ...	\$ 11,510,000.00	\$ -	\$ 11,510,000.00
Maturing BAN Capitalized Interest	278,080.00	-	278,080.00
Deposit to Debt Service Fund	1,262,078.78	124,768.37	1,386,847.15
New BAN Project Deposit	-	9,610,000.00	9,610,000.00
Costs of Issuance	51,773.20	43,226.80	95,000.00
Underwriter’s Discount	55,898.27	14,979.23	70,877.50
Total Uses	\$ 13,157,830.25	\$ 9,792,974.40	\$ 22,950,804.65

Book-Entry-Only Transfer System

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

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

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

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

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

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

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

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

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

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

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

DTC Practices

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

Replacement Bonds

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

Security and Remedies

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

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

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

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

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

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

Bondowners' and Noteowners' Risk

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

Town Pension Liability: Many factors influence the amount of the Town's pension benefit liability, including, without limitation, inflationary factors, changes in the Pension Statute, changes in the levels of benefits provided or in the contribution rates of the Town, increases or decreases in the number of covered employees, changes in actuarial

assumptions or methods, and differences between actual and anticipated investment experience. Any of these factors could increase the Town's annual contribution to the Plan.

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

The amount and timing of State aid is dependent on many factors, including the negotiation and adoption of the State's fiscal year 2018 budget and the timing of payments by the State to the Town. As of the date hereof, the State has not adopted a fiscal year 2018 budget. On June 30, 2017, the Governor signed an Executive Order providing for, among other things, the continued operation of the essential functions of State government. There is no assurance as to when the State will adopt a fiscal year 2018 budget. There is no assurance that the adopted State budget will provide the amount of budgeted State aid revenue that the Town has budgeted. In the event the adopted State budget provides less revenue to the Town than the amounts the Town has budgeted in Fiscal Year 2018, the Town will amend the budget to account for the actual amount the Town will receive pursuant to the State budget.

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

Unfunded Pension and OPEB Liabilities: The Retirement Plan has an approximate \$276.4 million unfunded pension liability as of July 1, 2016. The Town has an approximate \$485.5 million unfunded other postemployment benefits liability ("OPEB") as of July 1, 2016, which is expected to continue to increase. The issuance of the 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) increased the funding ratio of the Retirement Plan to approximately 37%. Unless the Town is able to reduce the remaining liabilities by reducing benefits through agreements with its public employees or enacted legislation (upheld against any challenges), the Town will need to find new sources of revenues or other funding mechanisms in order to meet these obligations.

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

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

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

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

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

Repayment of the Bonds and Potential Effects of Bankruptcy: The Bonds and the Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. There are no statutory provisions for priorities in the payment of general obligations of the Town. There

are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims. Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations, including the Town.

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

Forward Looking Statements

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

Qualification for Financial Institutions

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

Availability of Continuing Information

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds and the Notes, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"). The Underwriters' obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and Notes, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements for the benefit of holders of certain of its bonds and notes to provide certain annual financial information and event notices pursuant financial information and event notices pursuant to Rule 15c2-12(b)(5). Due to changes in auditors, the Town has failed to file its audited financial statements and operating data in a timely manner in accordance with its continuing disclosure agreements. For the fiscal year ended June 30, 2016, the audited financial statements and operating data of the Town were filed late with the Municipal Securities Rulemaking Board's ("MSRB").

The Town filed a notice of the failure to file such annual financial information with the MSRB on February 28, 2017 with an expectation that the final 2016 Audit would be available by March 31, 2017, however, the audit was not completed by March 31, 2017. The Town filed draft 2016 audited financial statements on June 30, 2017. The Town also filed a notice of the failure to file the final 2016 annual financial information on July 5, 2017. The Town's audited financial statements for the fiscal year ending June 30, 2016 were filed with the MSRB through the EMMA system on July 31,

2017. The Town has implemented procedures to ensure the timely filing of audited financial statements and operating data. Despite the foregoing and except as described herein, the Town is in material compliance with its continuing disclosure obligations pursuant to Rule 15c2-12.

Ratings

The Town has received ratings of “A+” from S&P Global Ratings (“S&P”) on the Bonds and SP-1+ on the Notes. The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

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

Tax Matters

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

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

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

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

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

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

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

Original Issue Discount

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

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such Bond or Note. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

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

Underwriting

The Bonds and the Notes are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$13,101,931.98 (consisting of the principal amount of \$11,510,000.00 plus net original issue premium of \$1,647,830.25, less Underwriter's discount of \$55,898.27). The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the Town at the net aggregate purchase price of \$9,777,995.17 (consisting of the principal amount of \$9,610,000.00 plus net original issue premium of \$182,974.40, less Underwriter's discount of \$14,979.23).

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

SECTION II – THE ISSUER

Description of the Town

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

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

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

The public school system of the Town provides a balanced curriculum for approximately 6,000 students. There are several vocational training facilities, private secondary schools, colleges and universities in close proximity to the Town that offer a variety of educational programs. Town residents are within minutes from the main campus of Yale-New Haven Hospital and the St. Raphael Hospital campus of Yale-New Haven Hospital which are located in New Haven. Numerous private medical practitioners are located in the Hamden–New Haven region.

Form of Government

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

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

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

Principal Municipal Officials

Office	Name	Manner of Selection/Term	Years of Service
Mayor	Curt Balzano Leng	Elected/2 years	2 years
Chief of Staff	David Garretson	Appointed/Indefinite	2 years
Director of Finance	Salvatore DeCola	Appointed/Indefinite	5 years
Town Clerk.....	Vera A. Morrison	Elected/2 years	21.5 years
Tax Collector.....	Kathleen Flynn	Appointed/Indefinite	20 years
Assessor.....	Donna Otlowski	Appointed/Indefinite	3 years
Superintendent of Schools.....	Jody Goeler	Appointed/Indefinite	3 years
Deputy Finance Director ¹	Amaechi E. Obi	Appointed/Indefinite	29.5 years

¹ *The Deputy Finance Director, Amaechi Obi, retired from the Town of Hamden effective July 9, 2017. The Town is actively searching for his replacement.*

Summary of Municipal Services

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

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

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

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

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

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

Since 2001 the total increase in tax base directly from expansions and relocations included a total of over \$29,000,000 or over \$650,000 annually in net tax revenue of new grand list growth attributed to the Business Incentive Program as well as larger project development investment resulting in a total of \$5.6 million in new anticipated tax revenue.

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

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

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

- American Automobile Association (AAA): new 7,000 square foot building opened in the spring of 2014. This new building replaced the original building built in 1970. AAA is one of Town’s largest employers.
- BankWell (formerly Quinncipiac Bank & Trust): invested \$1.8 million to open a new bank office on October 2013.
- Rockville Bank: rehabilitated a 3,000 square feet building into a new retail banking office in February 2014.
- Eli’s Restaurant: completed a 3,500 square foot addition in the spring of 2014.
- New Mixed Use Building: A new 14,000 square foot mixed-use building was completed in December 2014 located next to the Mount Carmel Post Office.
- Hamden Business Incubator: The Hamden Economic Development Corporation (HEDC) has secured \$9 million in funds to renovate a 40,000 square foot former school/community center into a business incubator for up to twenty new businesses. This project is currently under construction and should be completed in late-2017.
- Quinncipiac University: is a private, coeducational university with approximately 6,500 undergraduate and 2,500 graduate students based in Hamden. Quinncipiac began as a small college in New Haven in 1929 and has grown into a University with eight schools and colleges, including schools of law and medicine. The University has experienced tremendous growth in recent years. The University’s York Hill Campus, completed in 2012, includes over 2,000 new dorm rooms, a student center and an 185,000 square foot athletic facility all of which has had a significant impact on small business growth throughout Hamden.
- Whitney Center: an assisted living facility, is currently the second largest taxpayer in the Town. The \$75 million phase I expansion is complete and its \$25 million phase II expansion is in the planning stages. Phase I resulted in over \$1 million in new tax revenue.
- A 396 unit housing project has been approved and is under construction to be completed in late-2017. Total project cost is \$45 million and anticipated new tax revenue will be \$1.2 million annually.

The investment derived from these projects has yielded over \$6 million in new tax revenue for the Town as well as having a major impact on the local economy. This is due to the large number of employees for many of the facilities. These employees have already produced a positive increase in economic activity for smaller local businesses.

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

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

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

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

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

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

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

The Town's obligation to pay disposal fees is absolute and unconditional so long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of the disposal fees and has agreed to enforce or levy and collect all taxes, cost-sharing or other assessments or charges and take other such action as may be necessary to pay the fees. For the fiscal year ended 2017, the disposal fee was \$65.00. For fiscal year 2017-18, the disposal fee is \$66.14 per ton.

Educational System

The Town's school system serves approximately 6,000 students and comprises one Early Learning Center for pre-K students, eight elementary schools for pupils in grades kindergarten through 6, one middle school for grades 7 and 8, an inter-district K-12 magnet school, and one high school for grades 9 through 12. The Board of Education also conducts pre-school programs at the Church Street, Helen Street and Alice Peck Schools. The schools are governed by a nine-member Board of Education. Also located in the Town are three parochial elementary schools and three private college preparatory schools.

Educational Facilities

School	Grades	Date of Construction (Additions, Remodeling)	Number of Classrooms	10/1/2016 Enrollment	Rated Capacity
Alice Peck Elementary	Pre-K	1954 (1991)	18	137	300
Bear Path Elementary	K-6	2003	25	445	495
Dunbar Hill Elementary	K-6	1950 (1995)	18	299	334
Helen Street Elementary	K-6	1992	20	347	350
Ridge Hill Elementary	K-6	1971 (2011)	22	336	560
Shepherd Glen Elementary	K-6	1972	17	321	477
Spring Glen Elementary	K-6	2003	22	432	450
West Woods Elementary	K-6	1973	24	372	510
Church Street Elementary	K-6	1991	28	319	438
Hamden Middle	7-8	2006	50	812	1,270
Hamden High	9-12	1935 (1998)	77	1,569	1,785
Central Office (Administration)....	N/A	1915 (2011)	N/A	N/A	N/A
Total.....			321	5,430 ¹	6,969

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

Source: Town of Hamden, Board of Education

School Enrollments

School Year	Historical			Total¹
	Grades Pre-K - 6	Grades 7 - 8	Grades 9 - 12	
2007-2008	3,150	912	2,191	6,253
2008-2009	3,086	866	2,113	6,065
2009-2010	3,086	881	1,973	5,940
2010-2011	3,148	900	1,937	5,985
2011-2012	3,079	906	1,852	5,837
2012-2013	3,091	900	1,805	5,796
2013-2014	3,089	865	1,811	5,765
2014-2015	3,059	815	1,757	5,631
2015-2016	3,003	826	1,664	5,493
2016-2017	3,008	812	1,610	5,430
School Year	Projected			Total
2017-2018	2,704	854	1,578	5,136
2018-2019	2,641	843	1,568	5,052

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

Source: Town of Hamden, Board of Education

Municipal Employees¹

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>
General Government.....	448	452	470	470	465
Board of Education.....	898	879	836	831	804
Total.....	1,346	1,331	1,306	1,301	1,269

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

Municipal Employees Bargaining Organizations

General Government	Organization	Positions Covered	Current Contract Expiration Date
Police	UPSEU/COPS	105	6/30/2022
Firefighters	Local 2687, International Assoc. of Firefighters	96	6/30/2020
Public Works	Local 424, UPSEU Unit #1	54	6/30/2017 ¹
Town Hall / Engineering	Council #4, AFSCME, Local 2863	74	6/30/2017 ¹
Dispatchers	UPSEC, Local 424 Unit #63	15	6/30/2017 ¹
Parks and Recreation.....	Local 424, UPSEU Unit #36	17	6/30/2017 ¹
Library	Local 1303-115, Council #4, AFSCME	37	6/30/2017 ¹
Supervisors	Local 424, UPSEU Unit #23	28	6/30/2017 ¹
Non-bargaining	N/A	22	N/A
Total General Government Employees.....		448	

Board of Education	Organization	Positions Covered	Current Contract Expiration Date
Custodians and Maintenance.....	Local 431, Council #4, AFSCME, AFL-CIO	53	6/30/2017 ¹
Teachers.....	Hamden Education Association, Local 57	550	6/30/2019
Administrators.....	Association of Hamden Public School Administrators, AHPSA, AFL-CIO	34	6/30/2020
Nurses.....	Hamden School Nurses Association, CILU	17	6/30/2016 ¹
Clerical and Paraprofessionals ..	Local 424, UPSEU Unit #2	168	6/30/2017 ¹
Security Guards.....	Local 1303-373, AFSCME	10	6/30/2019
Supervisors	UPSEU Local 424	9	6/30/2017 ¹
Non-bargaining	N/A	57	N/A
Total Board of Education Employees.....		898	
Total General Government & Board of Education Employees.....		1,346	

¹ In negotiation

Source: Town of Hamden

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject the arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA SECTION

Population Trends and Densities

<i>Year</i>	<i>Actual Population</i>	<i>% Increase</i>	<i>Density</i> ¹
2015 ²	61,523	0.9%	1,847.5
2010	60,960	7.11	1,830.6
2000	56,913	8.54	1,709.1
1990	52,434	2.67	1,574.6
1980	51,071	3.47	1,533.7
1970	49,357	20.22	1,482.2
1960	41,056	--	1,232.9

¹ Per square mile: 33.3 square miles.

² American Community Survey 2011-2015.

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

Age Distribution of the Population

<i>Age</i>	<i>Town of Hamden</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Under 5 years	3,199	5.2%	191,445	5.3%
5 to 9 years	2,601	4.2	214,983	6.0
10 to 14 years	2,972	4.8	231,075	6.4
15 to 19 years	6,640	10.8	255,286	7.1
20 to 24 years	6,055	9.8	237,578	6.6
25 to 34 years	7,369	12.0	436,678	12.2
35 to 44 years	7,033	11.4	448,840	12.5
45 to 54 years	8,587	14.0	556,454	15.5
55 to 59 years	4,037	6.6	259,565	7.2
60 to 64 years	4,042	6.6	219,040	6.1
65 to 74 years	4,150	6.7	291,955	8.1
75 to 84 years	2,991	4.9	162,332	4.5
85 years and over	1,847	3.0	87,991	2.4
Total.....	61,523	100%	3,593,222	100%
Median Age (Years) 2015.....	37.9		40.4	
Median Age (Years) 2010..... ¹	37.4		40.0	

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

Source: American Community Survey 2011-2015.

Income Distribution

Income	Town of Hamden		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	238	1.7%	30,926	3.5%
10,000 - 14,999.....	107	0.8	18,063	2.0
15,000 - 24,999.....	654	4.6	46,085	5.1
25,000 - 34,999.....	876	6.2	55,715	6.2
35,000 - 49,999.....	1,394	9.8	83,173	9.3
50,000 - 74,999.....	2,285	16.1	139,724	15.6
75,000 - 99,999.....	2,108	14.9	126,557	14.1
100,000 - 149,999.....	3,347	23.6	183,030	20.4
150,000 - 199,999.....	1,701	12.0	94,575	10.6
200,000 and over.....	1,446	10.2	117,791	13.2
Total.....	14,156	100.0%	895,639	100.0%

Source: American Community Survey 2011-2015.

Comparative Income Measures

	Town of Hamden	State of Connecticut
Per Capita Income, 2015.....	\$ 34,907	\$ 38,803
Per Capita Income, 2010.....	\$ 34,596	\$ 36,775
Median Family Income, 2015.....	\$ 91,708	\$ 89,031
Median Family Income, 2010.....	\$ 88,613	\$ 84,170

Source: American Community Survey 2011-2015.

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

	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	1,265	3.2%	105,725	4.3%
9th to 12th grade.....	1,341	3.3	144,132	5.9
High School graduate.....	9,208	23.0	673,973	27.4
Some college, no degree.....	7,115	17.8	430,129	17.5
Associate's degree.....	2,637	6.6	183,289	7.4
Bachelor's degree.....	9,194	23.0	516,001	21.0
Graduate or professional degree.....	9,296	23.2	409,606	16.6
Total.....	40,056	100.0%	2,462,855	100.0%
Total high school graduate or higher (%).....		93.5%		89.9%
Total bachelor's degree or higher (%).....		46.2%		37.6%

Source: American Community Survey 2011-2015.

Labor Force Data

<i>Period</i>	<i>Town of Hamden</i>		<i>Percentage Unemployed</i>		
	<i>Employed</i>	<i>Unemployed</i>	<i>Town of Hamden</i>	<i>New Haven Labor Market</i>	<i>State of Connecticut</i>
May 2017	34,265	1,611	4.5	4.9	4.8
<i>Annual Average</i>					
2016.....	33,404	1,680	4.8	5.3	5.3
2015.....	33,576	1,780	5.0	5.7	5.6
2014.....	30,238	3,112	6.5	6.9	6.7
2013.....	29,470	2,442	7.7	8.1	7.9
2012.....	29,662	2,696	7.7	8.7	8.3
2011.....	30,032	2,804	8.3	9.2	8.8
2010.....	28,793	2,708	8.5	9.3	9.0
2009.....	28,805	2,361	8.6	8.2	8.2
2008.....	29,327	1,692	7.6	5.9	5.7
2007.....	29,289	1,370	5.5	4.8	4.6

Source: State of Connecticut, Department of Labor.

Industry Classification

<i>Sector</i>	<i>Town of Hamden</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Agriculture, forestry, fishing and hunting, and mining.....	25	0.1%	7,214	0.4%
Construction.....	1,069	3.3	100,593	5.6
Manufacturing.....	3,143	9.6	191,286	10.7
Wholesale trade.....	597	1.8	44,581	2.5
Retail trade.....	3,072	9.4	193,799	10.9
Transportation warehousing, and utilities.....	958	2.9	66,850	3.8
Information.....	675	2.1	41,486	2.3
Finance, insurance, real estate, and leasing.....	1,980	6.1	163,822	9.2
Professional, scientific, management, administrative, and waste management.....	2,984	9.1	199,942	11.2
Education, health and social services.....	12,993	39.8	471,587	26.5
Arts, entertainment, recreation, accommodation and food services.....	2,397	7.3	153,516	8.6
Other services (except public admin.).....	1,275	3.9	79,998	4.5
Public Administration.....	1,458	4.5	66,743	3.7
<i>Total Labor Force, Employed.....</i>	32,626	100.0%	1,781,417	100.0%

Source: American Community Survey 2011-2015.

Major Employers

The following are among the most significant employers in the Town as of June 2017:

Employer	Nature of Business	Percentage of	
		Approximate Employees	Total Town Employment
Town of Hamden/Board of Education	Municipality	1,346	3.93%
Quinnipiac University	Education	851	2.48
Genesis Health Care & Rehabilitation Center....	Nursing home	370	1.08
Whitney Center	Assisted living	287	0.84
AAA	Automobile club	281	0.82
ACES	Special education services	261	0.76
Stop & Shop	Food store	255	0.74
Children's Center	Child care agency	240	0.70
XL Care Agencies of CT	Home health care	155	0.45
State of Connecticut, Department of Children and Families	State agency	151	0.44
Hamden Health Care	Nursing home	145	0.42
Porcelen SPECRAIL	Fence manufacturer	125	0.36
Shop Rite Supermarket	Food store	113	0.33
Amphenol Corporation	Electrical Parts Manufactur	105	0.31
EZ Form Cable	Electrical manufacturer	72	0.21
Atria Larson	Assisted Living	70	0.20
Total		4,827	14.1%

Commute to Work (16 years of age and over)

	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	25,158	78.4%	1,369,767	78.3%
Car pools	2,644	8.2	143,588	8.2
Used public transportation	1,419	4.4	84,597	4.8
Walked	1,428	4.5	53,146	3.0
Used other means	525	1.6	20,584	1.2
Worked at home	905	2.8	76,670	4.4
Total	32,079	100.0%	1,748,352	100.0%
Mean travel to work (minutes)	24.1	–	25.4	

Source: American Community Survey 2011-2015.

Number and Value of Building Permits¹

Fiscal Year Ended 6/30	Number of Permits	Total Value
2017	2,516	\$ 66,652,695
2016	2,958	34,050,904
2015	2,778	39,283,857
2014	2,434	30,761,083
2013	2,374	27,295,387
2012	2,551	33,180,649
2011	2,147	31,204,542
2010	2,034	102,483,551
2009	1,623	71,975,422
2008	2,077	161,547,932

¹ Includes residential and commercial construction

² As of 5/31/17.

Age Distribution of Housing

Year Built	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	5,032	19.9%	331,829	22.2%
1940 to 1969.....	10,121	40.1	536,501	36.0
1970 to 1979.....	3,092	12.3	199,447	13.4
1980 to 1989.....	3,102	12.3	193,595	13.0
1990 to 1999.....	2,667	10.6	115,076	7.7
2000 or 2009.....	1,092	4.3	103,911	7.0
2010 or later.....	121	0.5	11,427	0.8
Total Housing Units.....	25,227	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015.

Housing Units by Type of Structure

Housing Units	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached	14,377	57.0%	882,941	59.2%
1-unit, attached	1,132	4.5	80,636	5.4
2 units	1,724	6.8	121,410	8.1
3 or 4 units	1,542	6.1	132,512	8.9
5 to 9 units	1,159	4.6	82,727	5.5
10 to 19 units	1,255	5.0	55,826	3.7
20 or more units	3,992	15.8	123,561	8.3
Mobile home	46	0.2	11,898	0.8
Boat, RV, van, etc.	-	-	275	0.0
Total Inventory.....	25,227	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015.

Housing Unit Vacancy Rates

Housing Units	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units	23,187	91.9%	1,491,786	52.4%
Vacant housing units	2,040	8.1	1,352,583	47.6
Total units	25,227	100.0%	2,844,369	100.0%
Homeowner vacancy rate	-	1.2	-	1.8
Rental vacancy rate	-	7.0	-	6.8

Source: American Community Survey 2011-2015.

Owner-occupied Housing Units

Specified Owner-Occupied Units	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	433	2.8%	24,620	2.7%
\$50,000 to \$99,000.....	350	2.3	28,771	3.2
\$100,000 to \$149,999.....	1,689	11.0	78,066	8.6
\$150,000 to \$199,000.....	3,322	21.7	140,544	15.5
\$200,000 to \$299,999.....	5,862	38.2	251,106	27.7
\$300,000 to \$499,999.....	2,942	19.2	235,670	26.0
\$500,000 or more.....	669	4.4	106,965	11.8
\$1,000,000 or more.....	69	0.4	40,485	4.5
Total.....	15,336	100.0%	906,227	100.0%
Median Value.....	\$230,800		\$270,500	

Source: American Community Survey 2011-2015.

Number and Size of Households

Household Characteristics	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Persons in households	56,108	-	3,475,053	-
Persons per household (average)	2.42	-	2.57	-
Persons per family (average)	3.10	-	3.17	-
Family households	14,156	61.1%	895,639	66.2%
Non-family households	9,031	38.9%	456,944	33.8%
All households	23,187	100.0%	1,352,583	100.0%

Family households by type

Married couple	10,831	76.5%	661,596	73.9%
Female householders, no spouse ...	2,655	18.8%	175,228	19.6%
Other	670	4.7%	58,815	6.6%
Total family households	14,156	100.0%	895,639	100.0%

Non-family households by type

Householders living alone	7,384	81.8%	378,145	82.8%
Other	1,647	18.2%	78,799	17.2%
Total non-family households	9,031	100.0%	456,944	100.0%

Source: American Community Survey 2011-2015.

Breakdown of Land Use

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

SECTION IV – DEBT SECTION

**Debt Summary
As of August 24, 2017
(Pro Forma)**

Outstanding Short-term Debt

<i>Project</i>	<i>Amount Authorized</i>	<i>New Money/ (Paydowns)</i>	<i>Outstanding The Notes Due: 8/23/2018</i>
Alice Peck School	\$ 2,540,000	\$ 2,540,000	\$ 2,540,000
Skiff Street Bridge.....	8,270,000	7,070,000	7,070,000
Total	\$ 10,810,000	\$ 9,610,000	\$ 9,610,000

**Outstanding Bonded Debt
As of August 24, 2017**

<i>Dated Date</i>	<i>Purpose</i>	<i>Interest Rate %</i>	<i>Original Issue</i>	<i>Amount Outstanding</i> ¹	<i>Fiscal Year of Maturity</i>
08/15/09	Land Acquisition – Series B.....	3.50 - 5.50	\$ 4,000,000	\$ 1,855,000	2020
06/01/10	General Purpose Refunding, Series A..	3.00 - 4.00	1,584,000	384,000	2021
06/01/10	School Refunding, Series A.....	3.00 - 4.00	3,366,000	816,000	2021
06/01/10	General Purpose Refunding, Series B..	3.00 - 5.00	4,096,900	1,001,700	2021
06/01/10	School Refunding, Series B.....	3.00 - 5.00	3,633,100	888,300	2021
08/24/11	General Purpose.....	2.00 - 4.25	31,397,600	20,771,875	2032
08/24/11	Schools.....	2.00 - 4.25	2,602,400	1,978,125	2032
10/06/11	General Purpose Refunding, Series B..	3.00 - 4.00	3,538,100	610,600	2021
10/06/11	Schools Refunding, Series B.....	3.00 - 4.00	9,611,900	624,400	2021
08/23/12	General Purpose.....	2.00 - 5.00	23,555,000	15,307,500	2033
08/23/12	Schools.....	2.00 - 5.00	1,150,000	747,500	2033
05/15/13	General Purpose Refunding.....	3.00 - 5.00	15,158,600	13,930,800	2026
05/15/13	Schools Refunding.....	3.00 - 5.00	14,256,400	12,859,200	2026
08/21/14	General Purpose.....	2.00 - 5.00	26,405,000	19,800,000	2035
03/10/15	Pension Bonds	4.00 - 5.20	125,000,000	118,370,000	2045
06/17/15	General Purpose Refunding.....	2.00 - 5.00	11,000,000	9,620,000	2030
06/17/15	Schools Refunding.....	2.00 - 5.00	4,545,000	2,045,000	2030
08/20/15	General Purpose, Series B.....	3.00 - 6.00	11,286,500	9,023,000	2036
08/20/15	Schools, Series B.....	3.00 - 6.00	6,673,500	5,337,000	2036
08/18/16	General Purpose.....	3.00 - 5.00	18,747,000	17,795,000	2037
08/18/16	Schools.....	3.00 - 5.00	9,788,000	9,310,000	2037
08/01/17	General Purpose Refunding.....	3.00 - 5.00	11,887,000	11,887,000	2028
08/01/17	Schools Refunding.....	3.00 - 5.00	1,318,000	1,318,000	2028
	Total Outstanding Bonded Debt.....		\$ 344,600,000	\$ 276,280,000	
This Issue					
08/01/17	General Purpose	4.00 - 5.25	\$ 8,300,000	\$ 8,300,000	2038
08/01/17	Schools	4.00 - 5.25	3,210,000	3,210,000	2038
	Total This Issue.....		11,510,000	11,510,000	
	Grand Total.....		\$ 356,110,000	\$ 287,790,000	

¹ Excludes bonds refunded or defeased.

Overlapping/Underlying Debt

The Town does not have overlapping or underlying debt.

**Bonded Debt Maturity Schedule
As of August 24, 2017
(Pro Forma)**

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Debt Service	This Issue: The Bonds	Total Principal	Cumulative Principal Retired %
2018 ¹	\$ -	\$ 6,401,234	\$ 6,401,234	\$ -	\$ -	0.0%
2019	14,460,000	12,457,993	26,917,993	580,000	15,040,000	5.2%
2020	14,975,000	11,827,337	26,802,337	580,000	15,555,000	10.6%
2021	15,540,000	11,135,796	26,675,796	575,000	16,115,000	16.2%
2022	16,125,000	10,425,700	26,550,700	575,000	16,700,000	22.0%
2023	16,745,000	9,681,459	26,426,459	575,000	17,320,000	28.1%
2024	14,020,000	8,985,318	23,005,318	575,000	14,595,000	33.1%
2025	13,875,000	8,394,890	22,269,890	575,000	14,450,000	38.1%
2026	13,790,000	7,824,221	21,614,221	575,000	14,365,000	43.1%
2027	10,925,000	7,268,629	18,193,629	575,000	11,500,000	47.1%
2028	11,110,000	6,746,264	17,856,264	575,000	11,685,000	51.2%
2029	10,705,000	6,253,700	16,958,700	575,000	11,280,000	55.1%
2030	10,880,000	5,770,052	16,650,052	575,000	11,455,000	59.1%
2031	10,465,000	5,287,213	15,752,213	575,000	11,040,000	62.9%
2032	10,660,000	4,811,696	15,471,696	575,000	11,235,000	66.8%
2033	9,115,000	4,369,317	13,484,317	575,000	9,690,000	70.2%
2034	8,095,000	3,976,104	12,071,104	575,000	8,670,000	73.2%
2035	8,320,000	3,593,252	11,913,252	575,000	8,895,000	76.3%
2036	7,235,000	3,230,935	10,465,935	575,000	7,810,000	79.0%
2037	6,595,000	2,900,460	9,495,460	575,000	7,170,000	81.5%
2038	5,445,000	2,595,970	8,040,970	575,000	6,020,000	83.6%
2039	5,740,000	2,305,160	8,045,160	-	5,740,000	85.6%
2040	6,045,000	1,998,750	8,043,750	-	6,045,000	87.7%
2041	6,365,000	1,676,090	8,041,090	-	6,365,000	89.9%
2042	6,705,000	1,336,270	8,041,270	-	6,705,000	92.2%
2043	7,065,000	978,250	8,043,250	-	7,065,000	94.7%
2044	7,440,000	601,120	8,041,120	-	7,440,000	97.3%
2045	7,840,000	203,840	8,043,840	-	7,840,000	100.0%
Total.....	\$ 276,280,000	\$ 153,037,021	\$ 429,317,021	\$ 11,510,000	\$ 287,790,000	

¹ Excludes \$13,955,000 principal payments and \$7,088,603 of interest payments made from July 1, 2017 through August 24, 2017.

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

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of state and/or federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

**Statement of Statutory Debt Limitation
As of August 24, 2017
(Pro Forma)**

Total Tax Collections (including interest and lien fees) received by the Treasurer for the year ended June 30, 2016	\$ 166,691,728
Reimbursement For Revenue Loss (Tax relief for elderly).....	397,951
Base for Debt Limitation Computation.....	\$ 167,089,679

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$ 375,951,778	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	751,903,556	-	-	-
3 3/4 times base.....	-	-	626,586,296	-	-
3 1/4 times base.....	-	-	-	543,041,457	-
3 times base.....	-	-	-	-	501,269,037
Total Debt Limitation.....	\$ 375,951,778	\$ 751,903,556	\$ 626,586,296	\$ 543,041,457	\$ 501,269,037
Indebtedness:					
Bonds Outstanding	\$ 121,986,475	\$ 35,923,525	\$ - ¹	\$ -	\$ 118,370,000
Bonds – This Issue.....	8,300,000	3,210,000	-	-	-
Notes	7,070,000	2,540,000	-	-	-
Overlapping/Underlying Debt.....	-	-	-	-	-
Debt Authorized But Unissued.....	3,321	-	-	-	-
Total Net Indebtedness.....	\$ 137,359,796	\$ 41,673,525	\$ -	\$ -	\$ 118,370,000
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS....	\$ 238,591,982	\$ 710,230,031	\$ 626,586,296	\$ 543,041,457	\$ 382,899,037

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$1,169,627,753

**Authorized but Unissued Debt
As of August 24, 2017
(Pro Forma)**

<u>Project</u>	<u>Amount Authorized</u>	<u>Expected Grants</u>	<u>Previously Bonded</u>	<u>This Bond Issue</u>	<u>The Notes Due: 8/23/18</u>	<u>Authorized But Unissued Debt</u>
Alice Peck School	2,540,000	2,540,000	-	-	2,540,000	-
Skiff Street Bridge	8,270,000	7,070,000	1,196,679	-	7,070,000	3,321
CIP Fiscal Year 2016-17	11,510,000	-	-	11,510,000	-	-
West Woods Elementary School ..	24,180,000	12,360,000	-	-	-	11,820,000
Shepherd Glen School	25,965,000	16,785,000	-	-	-	9,180,000
Total.....	\$ 72,465,000	\$ 38,755,000	\$ 1,196,679	\$ 11,510,000	\$ 9,610,000	\$ 21,003,321

**Current Debt Statement
As of August 24, 2017
(Pro Forma)**

Long-Term Debt Outstanding:

General Purpose (Includes this issue).....	\$ 130,286,475
Schools (Includes this issue).....	39,133,525
Pension.....	118,370,000
Total Long-Term Debt	287,790,000
Short-Term Debt (to mature 8/23/18)	9,610,000
Direct Debt	297,400,000
Overlapping/Underlying Debt	-
Total Overall Debt	297,400,000
Less: School Construction Grants Receivable (as of June 30, 2017)	750,000
Total Overall Net Debt	\$ 296,650,000

**Current Debt Ratios
As of August 24, 2017
(Pro Forma)**

Population (2015) ¹	61,523
Net Taxable Grand List (10/1/16)	\$3,864,173,000
Estimated Full Value (70%).....	\$5,520,247,143
Equalized Grand List (10/1/14) ²	\$5,578,004,424
Money Income per Capita (2015) ¹	\$34,907

	Total Overall Debt	Total Overall Net Debt
Per Capita.....	\$4,833.96	\$4,821.77
Ratio to Net Taxable Grand List.....	7.70%	7.68%
Ratio to Estimated Full Value.....	5.39%	5.37%
Ratio to Equalized Grand List.....	5.33%	5.32%
Debt per Capita to Money Income per Capita (2015)....	13.85%	13.81%

¹ American Community Survey 2011-2015

² Office of Policy and Management, State of Connecticut.

Five-year Debt Statement Summary

	2015-16	2014-2015	2013-2014	2012-2013	2011-2012
Population.....	61,605	61,468	60,900	60,900	60,960
Net taxable grand list	\$3,864,777,000	\$4,075,941,000	\$4,072,871,372	\$4,061,234,000	\$4,022,853,966
Estimated full value	\$5,521,110,000	\$5,822,772,857	\$5,818,387,674	\$5,801,762,857	\$5,746,934,237
Equalized net taxable grand list	\$5,469,363,955	\$5,513,135,592	\$5,754,354,481	\$5,754,354,481	\$5,754,354,481
Per capita income	\$34,419	\$33,888	\$34,596	\$34,596	\$34,596
Long-term debt	\$ 268,885,000	\$ 262,175,000	\$ 119,040,000	\$ 129,975,000	\$ 118,350,000
Short-term debt	23,335,000	17,960,000	28,905,000	17,960,000	25,775,000
Total Overall Debt	\$ 292,220,000	\$ 280,135,000	\$ 147,945,000	\$ 147,935,000	\$ 144,125,000

Five-year Debt Statement Summary Ratios

Overall debt:	2015-16	2014-15	2013-2014	2012-2013	2011-2012
Per capita	\$4,743.45	\$4,557.41	\$2,426.92	\$2,565.29	\$2,364.26
To net taxable grand list	7.56%	6.87%	3.63%	3.84%	3.58%
To estimated full value	5.29%	4.81%	2.54%	2.69%	2.51%
To equalized net taxable grand list.....	5.34%	5.08%	2.57%	2.72%	2.50%
Debt per capita to per capita income.....	13.78%	13.45%	7.02%	7.41%	6.83%

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

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

¹ Includes transfers out.

Source: Town of Hamden Finance Department.

Authority to Incur Debt

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

(Remainder of page intentionally left blank)

SECTION V – FINANCIAL SECTION

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

Grand List As Of 10/1	Residential Real Property %	Commercial and Industrial Real Property %	Personal Property %	Motor Vehicle %	Gross Taxable Grand List (000's)	Exemptions, Veterans Relief and Disabled (000's)	Net Taxable Grand List (000's)	Percent Growth
2016	65.53%	21.71%	4.55%	8.21%	\$ 3,913,253	\$ 49,080	\$ 3,864,173	-0.02%
2015 ²	65.76	21.59	4.42	8.23	3,913,423	48,646	3,864,777	-5.04
2014	68.71	19.65	3.98	7.66	4,120,910	50,991	4,069,919	0.03
2013 ¹	68.75	19.67	3.94	7.64	4,119,729	50,982	4,068,747	0.18
2012	68.91	19.61	3.90	7.57	4,111,323	50,089	4,061,234	0.31
2011	69.09	19.53	3.76	7.62	4,101,879	53,113	4,048,766	0.64
2010 ²	69.53	19.46	3.76	7.25	4,078,676	55,838	4,022,838	-6.68
2009	72.84	16.99	3.62	6.55	4,355,185	44,520	4,310,665	0.09
2008	73.10	16.70	3.60	6.60	4,349,444	42,671	4,306,773	-0.08
2007	73.00	16.80	3.20	7.00	4,351,943	41,640	4,310,303	-

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

² Revaluation.

Source: Town of Hamden, Assessor's Office.

Major Taxpayers

Name of Taxpayer	Business	Taxable Valuation As of 10/1/16	Percent of Net Taxable Grand List ¹
Whitney Center	Elderly Health Care Facility	\$ 64,186,280	1.66%
Baker Hamden LLC	Apartments	55,940,570	1.45
Broadmoor 1 LLC Et Al.....	Apartments	34,848,590	0.90
Hamden Developers LLC	Apartments	34,223,070	0.89
Sermonte Associates	Apartments	29,132,530	0.75
United Illuminating	Utility	24,280,720	0.63
2335 Rte 10 Hamden-CT Inc.	Retail	23,466,310	0.61
MC Corporation	Retail	21,108,430	0.55
Southern Conn. Gas Co.	Utility	17,645,400	0.46
Hamden Plaza Associates	Apartments	15,241,100	0.39
Total.....		\$ 320,073,000	8.28%

¹ Based on the Net Taxable Grand List of October 1, 2016 of \$3,864,173,000.

Source: Town of Hamden, Assessor's Office.

Tax Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2016
2015 ¹	2017	45.36	164,933,109	<i>IN COLLECTION</i>		
2014	2016	40.87	162,702,112	98.6	1.4	1.40%
2013	2015	39.93	161,657,046	98.7	1.3	0.01
2012	2014	38.94	157,577,658	98.6	1.4	0.00
2011	2013	37.14	150,149,003	98.5	1.5	0.00
2010 ¹	2012	34.77	138,966,450	98.5	1.5	0.00
2009	2011	31.16	133,375,296	98.4	1.6	0.00
2008	2010	29.41	126,148,748	98.4	1.6	0.00
2007	2009	29.42	126,857,937	98.7	1.3	0.00
2006	2008	29.10	124,608,733	98.7	1.3	0.00

¹ Revaluation.

Source: Town of Hamden, Tax Collector

Property Taxes Revenues

The Town's budget for fiscal year 2015–16 derives 78% of its annual revenues through a direct property tax. The following table summarizes recent tax revenues as a percentage of total revenue.

Fiscal Year Ended June 30	Tax Revenues as % of Total Revenues
2016	79.70%
2015	76.67
2014	76.95
2013	76.87
2012	75.66
2011	75.21
2010	69.57
2009	71.03
2008	73.31

The comparative balance sheets, statements of revenues, expenditures, and changes in fund balance for the General Fund and other financial information presented herein are derived from audited financial statements for fiscal years ended June 30, 2012 through 2015. The Town has provided preliminary financial information for fiscal year 2015-16 on page 29 and page 31. The Town's independent accountants have not examined, reviewed, or compiled any of the estimates or expressed any opinion or provided any other form of assurance with respect to such estimates, and, accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town's management. See Appendix A – "Auditor's Section" herein.

Comparative Balance Sheets – General Fund

	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
Assets:					
Cash and Cash Equivalents.....	\$ 33,775,975	\$ 24,303,396	\$ 24,543,152	\$ 26,780,644	\$ 21,263,770
Property Taxes Receivable.....	-	-	-	-	4,534,255
Intergovernmental Receivables	-	7,510,307	9,062,295	11,803,117	12,985,934
Receivables, net	8,745,884	-	-	-	-
Due from Other Funds.....	6,188,478	4,368,282	3,065,406	2,653,585	3,284,981
Total Assets	48,710,337	36,181,985	36,670,853	41,237,346	42,068,940
Liabilities:					
Accounts and Other Payables.....	7,880,776	3,462,812	1,989,541	7,882,924	7,492,382
Unearned Revenues.....	-	-	8,473,789	8,282,451	1,404,069
Deferred Revenue.....	-	-	-	-	10,453,059
Due to Other Funds.....	25,846,989	18,127,283	21,428,997	22,112,634	16,990,184
Payments In Advance.....	-	-	2,561,187	1,270,268	-
Total Liabilities	33,727,765	21,590,095	34,453,514	39,548,277	36,339,694
Liabilities:					
Payments In Advance.....	4,561,021	406,975	-	-	-
Unearned Revenues.....	7,460,850	11,141,163	-	-	-
Total Deferred Inflows	12,021,871	11,548,138	-	-	-
Fund Balances:					
Unassigned.....	2,960,701	3,043,752	2,216,205	1,687,935	1,194,991
Assigned.....	-	-	1,135	1,135	-
Reserved for Encumbrances.....	-	-	-	-	-
Reserved for Subsequent Year's Budget...	-	-	-	-	-
Unreserved and Undesignated.....	-	-	-	-	-
Total Fund Balances	2,960,701	3,043,752	2,217,340	1,689,070	1,194,991
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 48,710,337	\$ 36,181,985	\$ 36,670,854	\$ 41,237,347	\$ 37,534,685
Operating revenues	\$ 217,509,730	\$ 206,809,203	\$ 208,952,934	\$ 200,852,851	\$ 188,285,326
Fund balance as percent of operating revenues	1.36%	1.47%	1.06%	0.84%	0.63%

(Remainder of page intentionally left blank)

**Adopted Budget for Fiscal 2016-17 and
Council Adopted Budget for Fiscal Year 2017-18 Projections**

	<u>2016-17</u> <u>Projected</u>	<u>2017-18</u> <u>Council Adopted</u>
Revenues		
Taxes	\$ 172,282,990	\$ 174,353,678
Intergovernmental	34,627,572	36,283,235
Departmental revenues ...	12,595,130	15,406,302
Total revenues	<u>\$ 219,505,693</u>	<u>\$ 226,043,215</u>
Expenditures		
General government.....	\$ 9,602,827	\$ 10,567,898
Public safety	27,364,238	29,333,531
Public works	11,677,470	11,769,500
Culture and recreation ...	2,950,463	3,072,847
Health and welfare	1,603,750	1,651,529
Employee benefits	60,191,113	64,253,073
Debt service	21,753,575	20,894,837
Board of Education	84,008,995	84,500,000
Total expenditures	<u>\$ 219,152,430</u>	<u>\$ 226,043,215</u>
Excess of revenues over expenditures.....	\$ 353,263	\$ 0

Based on audited results the fund balance for June 30, 2016 totals \$2,960,701 and unassigned fund balance totals \$2,960,701.

	<u>6/30/2016</u> <u>Preliminary</u>	<u>6/30/2017</u> <u>Budget</u>
Total fund balance as percent of operating revenues	1.36%	1.40%
Unassigned fund balance as % of operating revenues	1.36%	1.40%

(Remainder of page intentionally left blank)

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

	<i>Adopted Budget</i> ² 2017-18	<i>Adopted Budget</i> ² 2016-17	<i>Actual</i> ¹ 2015-16	<i>Actual</i> ¹ 2014-15	<i>Actual</i> ¹ 2013-14
Revenues:					
Property Taxes	\$ 174,353,678	\$ 173,148,734	\$ 166,677,729	\$ 162,646,202	\$ 157,520,523
Licenses, Permits, and Fees.....	-	-	-	-	-
Intergovernmental	36,283,235	35,433,375	44,146,760	37,141,207	43,373,808
Charges for Services	4,000,000	3,832,236	5,459,071	5,267,502	5,054,413
Investment Income.....	150,000	101,000	156,928	109,947	79,206
Other	10,500,000	8,905,336	1,069,242	1,644,345	2,924,984
Total Revenues	225,286,913	221,420,681	217,509,730	206,809,203	208,952,934
Expenditures:					
Current:					
Education.....	84,008,995	84,008,995	94,446,338	84,858,213	91,700,269
General Government.....	10,144,308	10,144,308	9,306,122	8,448,513	9,876,460
Public Safety.....	27,914,935	27,914,935	27,485,639	26,975,603	24,291,467
Public Works.....	11,485,394	11,485,394	11,811,930	12,000,404	12,000,310
Health and Welfare.....	1,712,760	1,712,760	1,172,390	1,699,785	1,617,268
Culture and Recreation.....	3,041,714	3,041,714	2,471,994	2,742,750	2,560,646
Employee Benefits	61,359,000	61,359,000	53,716,833	-	-
Other.....	-	-	-	57,096,850	49,684,877
Capital Outlay	-	-	-	-	-
Debt Service.....	21,753,575	21,753,575	22,139,790	14,183,868	16,213,367
Total Expenditures	221,420,681	221,420,681	222,551,036	208,005,986	207,944,664
Revenues over (under) expenditures	3,866,232	-	(5,041,306)	(1,196,783)	1,008,270
Other Financing Sources Uses:					
Refunding Bond Proceeds.....	-	-	-	-	-
Bond Premium	-	-	2,195,000	987,071	-
Payments to Escrow Agent	-	-	-	-	-
Operating Transfers In	-	-	363,255	1,037,259	-
Operating Transfers (Out)	(3,866,232)	-	-	-	(480,000)
Total other Financing Sources (uses)	(3,866,232)	-	2,558,255	2,024,330	(480,000)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ -	\$ -	\$ (2,483,051)	\$ 827,547	\$ 528,270
Fund Balance, July 1.....	\$ 2,960,701	\$ 2,960,701	\$ 5,443,752 ³	\$ 2,217,340	\$ 1,689,070
Restatement	-	-	-	(1,135)	-
Fund Balance, June 30.....	\$ 2,960,701	\$ 2,960,701	\$ 2,960,701	\$ 3,043,752	\$ 2,217,340

¹ GAAP Basis of accounting.

² Budgetary Basis of accounting.

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

Intergovernmental Revenues as a Percent of General Fund Revenues

Fiscal Year Ended 6/30	Intergovernmental Revenues	Total Revenues	Percent
2017 ¹	\$ 35,433,375	\$ 221,420,681	16.0%
2016	44,146,760	217,509,730	20.30
2015	37,141,207	208,809,203	17.79
2014	43,373,808	208,952,934	20.76
2013	45,338,028	200,852,851	22.57
2012	42,518,172	188,285,326	22.58
2011	44,696,470	183,436,468	24.37
2010	40,619,842	173,070,065	23.47

Source: Annual Audited Financial Statements.

¹ Subject to audit.

Capital Improvement Program

Purpose	Fiscal 2016-17	Fiscal 2017-18	Fiscal 2018-19	Fiscal 2019-20	Fiscal 2020-21	Fiscal 2021-22	Total
Animal Control	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
Assessor	-	-	-	1,370,000	-	-	1,370,000
Building	25,000	25,000	-	-	-	-	50,000
Economic Department	393,000	275,000	380,000	185,000	375,000	165,000	1,773,000
Community Services	200,000	200,000	500,000	-	-	-	900,000
Finance	278,344	300,000	300,000	300,000	300,000	300,000	1,778,344
Engineering	850,000	2,000,000	700,000	1,250,000	1,000,000	1,500,000	7,300,000
Fire	812,500	2,557,500	2,340,000	40,000	180,000	230,000	6,160,000
Information Technology	905,000	100,000	100,000	100,000	100,000	100,000	1,405,000
Library	320,000	645,000	10,000	105,000	5,000	255,000	1,340,000
Mayor's Office	535,000	600,000	450,000	600,000	450,000	600,000	3,235,000
Parks	705,000	275,000	325,000	250,000	300,000	250,000	2,105,000
Police	719,500	425,662	425,662	475,662	500,662	350,000	2,897,148
Public Works	1,194,500	800,000	575,000	815,000	750,000	860,000	4,994,500
Purchasing	80,000	90,000	90,000	90,000	540,000	90,000	980,000
Traffic	885,000	1,620,000	1,035,000	1,020,000	1,035,000	1,020,000	6,615,000
Town Clerk	77,500	80,000	80,000	75,000	50,000	25,000	387,500
Education	13,341,786	2,353,940	3,201,621	1,651,700	1,189,500	443,000	22,181,547
Total	\$21,722,130	\$12,347,102	\$10,512,283	\$ 8,327,362	\$ 6,775,162	\$ 6,188,000	\$65,872,039

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

Future Debt Issuance Plans

The Town expects no major capital needs for the next three to five years though the Town plans to issue roughly \$10 to \$12 million annually for general capital needs over the next five years.

Budget Procedure

The Town adheres to the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided by the Legislative Council which is responsible for approving annual budgets, approving all other Town appropriations and determining the tax rate. The annual budget-making process for the Town is outlined in Chapter 6 of the Town Charter. The timetable is established annually but all actions must be completed at least 45 days prior to the beginning of each fiscal year based upon a budget submitted by the Mayor. The process is detailed below:

<u>On or About</u>	<u>Action</u>
By February 23	Departments, office, boards, and commissions submit estimates of receipts and expenditures to the Mayor and Director of Finance.
By March 17	The Mayor submits the budget to the Legislative Council not later than 105 days before the end of the fiscal year.
By May 1	The Legislative Council holds one or more public hearings to obtain taxpayer comments no later than 60 before the beginning of the fiscal year.
By May 15	The Legislative Council adopts the budget not later than 45 days before the beginning of the fiscal year.
July 1	The new fiscal year begins.

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

Audit

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

Assessment Practices

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

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

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

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

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

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers

Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July. Bills for this supplemental list are issued the following January, eighteen months after the Grand List date.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent (8%) of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at six percent (6%) per annum, at such rate approved by the legislative body at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

Property Tax Levies and Collections

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

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

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days of the close of the fiscal year) are to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue on the Town's financial statements. Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes, which are deemed to be uncollectible.

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded.

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

Investment Practices

Under the Town Charter and under Connecticut General Statutes Sections 7-400, 7-401 and 7-402, and under an Investment Policy (the "Policy") implemented by the finance office, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation,

obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

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

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

Risk Management

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

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

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

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

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

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

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

In fiscal year 2009-10 the Town's Medical Self-Insurance Fund was in a deficit situation of \$8.6 million, effectively eliminating the Town's fund balance. Also contributing to the operating deficit for fiscal year 2009-10 was the general state of the economy which caused a decrease in revenues including building permits, charges for service and interest income.

The fiscal year 2010-11 budget erased this Medical Self-Insurance deficit and funded the Medical Self Insurance operating budget account at 100% for the first time in several years. This increase represented a \$14.2 million (\$8.6 million deficit elimination and addition of \$5.6 million) increase in medical funding from fiscal year 2009-10. To accomplish this funding level, the Town reorganized departments, privatized two operations that were causing a significant drain each year, implemented a reduction in force, and refinanced and restructured existing debt.

Pension Plans

The Town maintains the Employees Retirement Plan of the Town (the “Town’s Retirement Plan” or the “Plan”), a single-employer, defined benefit public employee retirement system. The Plan was established by the Town in 1949 and covers all full-time Town employees who are members of the police or fire departments (“Guardian employees”) hired prior to July 1, 2006 and all other full-time employees (“Service employees”) hired prior to July 1, 2007. Current and former employees covered by the Connecticut State Teachers Retirement System are not part of the Plan. The Plan is governed by an eleven-member board composed of two Guardian employees, two Service employees, one member of the Plan who is not a member of a bargaining unit, four persons who are not members of the Plan, the Mayor and the Finance Director. As of July 1, 2016, the date of the most recent valuation, 722 retired participants and beneficiaries, 24 vested former participants and 408 active participants are in the Town’s Retirement Plan.

Effective July 1, 2007, the Town closed the Plan and all new hires, except those in the Connecticut State Teachers’ Retirement System, are enrolled in the Connecticut Municipal Employees Retirement System (“CMERS”). CMERS is a defined benefit plan administered by the State Retirement Commission. The State Treasurer’s office is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The Town currently has 31 Guardian employees and 37 Service employees enrolled in CMERS. CMERS is funded by employee and employer contributions at rates set by the State Retirement Commission to fund the remaining costs. The Town also contributes towards the administrative costs of CMERS. As of June 30, 2014, CMERS was 87.8% funded. The Town currently contributes 11.38% and 14.98% of participants pay to CMERS for Service and Guardian employees, respectively; these rates will remain the same for the fiscal year ending June 30, 2017. CMERS does not provide unfunded information for participating employers, but the Town’s estimated unfunded liability to CMERS was approximately \$0.7 million as of June 30, 2016.

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

<i>Fiscal Year Ended 6/30</i>	<i>Plan</i>	<i>CMERS</i>	<i>Total</i>
2009.....	\$ 12,500,000	\$ 165,698	\$12,665,698
2010.....	12,500,000	205,572	12,705,572
2011.....	6,550,000	499,995	7,049,995
2012.....	3,040,000	636,584	3,676,584
2013.....	9,340,000	923,474	10,263,474
2014.....	12,500,000	1,110,466	13,610,466
2015.....	14,768,025	1,700,000	16,468,025
2016.....	12,100,000	2,219,517	14,319,517
2017.....	15,750,000	1,900,000	17,650,000
2018*.....	17,700,000	2,000,000	19,700,000

**Pursuant to the Pension Statute, based on the issuance of the Town’s 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) on March 10, 2015, the Town is required to contribute eighty percent (80%) of the ARC, or \$17,700,000, for fiscal 2018.*

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

General Funding Practices of the Town’s Retirement Plan

Since the issuance of the Town’s General Obligation Bonds, Issue of 2015 (Federally Taxable) (the “2015 POBs”), actuarial valuations of the Town’s Retirement Plan are performed as of July 1 on an annual basis. The actuarial valuation uses recognized methods to calculate the actuarial value of assets and the actuarial accrued liability of the Plan. The most recent actuarial valuation as of July 1, 2016 was prepared by Segal Consulting, the Town’s actuary (the “Actuary”). The

valuation was posted on the Electronic Municipal Market Access (“EMMA”) website under “Other Financial/Operational Data” on January 14, 2017.

Participant Data

The actuarial valuation and review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries. The Plan has been closed to new entrants since 2007 for Service employees and 2006 for Guardian employees and therefore the number of active participants is declining. The average age, service, and salary of the active population in the Plan are increasing. In the July 1, 2016 actuarial valuation, there were 408 active participants with an average age of 52.0, average credited service of 16.8 years and average salary of \$69,601. The 425 active participants in the July 1, 2015 actuarial valuation had an average age of 51.1, average service of 16.0 years and average salary of \$68,217. There were 24 participants with a vested right to a deferred or immediate vested benefit as of July 1, 2016, and 22 as of July 1, 2015. In the July 1, 2016 actuarial valuation, there were 609 retired participants and 113 beneficiaries receiving total monthly benefits of \$2,049,798. For comparison, in the July 1, 2015 actuarial valuation, there were 614 retired participants and 112 beneficiaries receiving monthly benefits of \$2,018,585. The retired participant count in the July 1, 2016 actuarial valuation includes 85 participants receiving a disability pension. For the July 1, 2016 actuarial valuation, there were 85 participants receiving a disability pension.

Financial Information

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

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

Actuarial Experience

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

The actual experience that is compared against the assumptions include:

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

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

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

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

Funding Status of the Town's Retirement Plan

Payments into the Plan are made from Town and employee contributions. The table below shows Town contributions, employee contributions, net investment income, administrative expenses paid, benefits paid and the actuarial value of the Plan assets for the fiscal years ending June 30, 2006 through June 30, 2016.

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

Year ended June 30	Town Contributions	Employee Contributions	Investment Return	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at end of year
2008	12,000,000	1,845,471	5,387,042	110,134	17,359,201	85,832,527
2009	12,500,000	1,983,963	(3,223,225)	106,880	18,101,394	78,884,991
2010	12,500,000	1,968,410	6,884,458	100,740	18,784,600	81,352,519
2011	6,550,000	2,053,140	3,232,260	113,089	19,762,293	73,312,537
2012	3,040,000	2,138,782	1,040,920	103,868	20,586,244	58,842,127
2013	9,340,000	2,153,222	2,355,295	101,595	22,346,744	50,242,305
2014	12,500,000	2,181,831	5,916,442	76,352	23,582,140	46,762,549
2015	137,071,112	2,232,056	(1,355,734)	109,273	24,325,333	163,625,550
2016	12,100,000	2,195,488	1,468,812	(118,719)	24,437,110	154,834,124
2017 ¹	15,750,000	N/A	N/A	N/A	N/A	N/A
2018 ²	17,700,000	N/A	N/A	N/A	N/A	N/A

¹ Unaudited.

² Budgeted amount

Employee contributions rates have increased as follows:

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

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

Recommended Contribution

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

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

The Town’s contribution to the Plan compared to the Plan’s Actuarially Required Contribution for the Plan year ending June 30, 2007 through June 30, 2017 are shown below. The anticipated Town contribution and the Actuarially Recommended Contribution for plan year ending June 30, 2018 is also shown.

Year Beginning	Town Contribution	Actuarially Recommended Contribution ("ARC")	Percent of ARC Contributed
June 30, 2007.....	\$ 9,000,000	\$ 15,956,437	56.4%
June 30, 2008.....	12,000,000	16,754,259	71.6
June 30, 2009.....	12,500,000	18,292,735	68.3
June 30, 2010.....	12,500,000	18,911,433	66.1
June 30, 2011.....	6,550,000	19,088,623	34.3
June 30, 2012.....	3,040,000	19,850,851	15.3
June 30, 2013.....	9,340,000	27,145,128	34.4
June 30, 2014.....	12,500,000	27,688,031	45.1
June 30, 2015.....	14,768,025	29,536,050	50.0
June 30, 2016*.....	12,100,000	21,998,113	55.0
June 30, 2017*.....	15,750,000	21,067,247	74.8
June 30, 2018*.....	17,700,000	22,300,000	79.4

**Pursuant to the Pension Statute, based on the issuance of the Town’s 2015 POBs, the Town was required to contribute fifty-five percent (55%) of the ARC, or \$12,100,000, for fiscal 2016, and \$15,570,000, or 70% of an estimated ARC of \$22,500,000 for fiscal 2017. The Town is required to contribute eighty percent (80%) of the ARC, or \$17,700,000, for fiscal 2018.*

Actuarial valuations are performed as of July 1. The actuarial valuation uses recognized methods to calculate the actuarial value of assets and the actuarial accrued liability of the Plan. Set forth below are the actuarial accrued liabilities, the actuarial value of assets, the resulting unfunded accrued liabilities, the funded ratios on an actuarial and market basis, and the ratio of actuarial value of assets to market value of assets for the 2012 to 2016 valuations.

	July 1st				
	2012	2013	2014	2015	2016
Actuarial accrued liability.....	\$ 419,266,994	N/A	\$ 452,501,230	\$454,439,941	\$441,521,657
Actuarial value of assets.....	58,842,127	\$ 49,822,768	46,762,549	167,629,557	165,080,700
Unfunded accrued liability.....	360,424,867	N/A	405,738,681	286,810,384	276,440,957
Actuarial recommended contribution.....	\$ 27,145,128	\$27,688,031	\$ 29,536,050	\$ 21,998,113	\$ 21,067,247
Market value of assets.....	\$ 57,919,838	\$ 52,092,655	\$ 50,112,795	\$163,625,653	\$154,834,124
Funded ratio (actuarial value)...	14.03%	N/A	10.33%	36.89%	35.07%
Funded ratio (market value).....	13.81%	N/A	11.08%	36.01%	37.39%

Strategic Plan to Fully Fund the Town's Retirement Plan

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

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

The Town formally took action to implement recommended changes designed to solve the pension underfunding issue. On March 10, 2015, the Town issued \$125,000,000 of general obligation pension funding bonds to help fund the Town's unfunded liability. The Town contributed \$14.8 million to the Plan in fiscal year 2014-15 and \$12.1 million in fiscal year 2015-16 and \$15.75 million for fiscal year 2016-17. The Town has budgeted a contribution of \$17.7 million for the fiscal year 2017-18. To start addressing the extraordinary cost of the COLA, the Mayor implemented a provision of the Town Retirement Ordinance that reduces the COLA payments to retirees from the 3% which had been given annually to an inflation-based COLA equal to 1.58% for 2014, -0.9% for 2015 and 1.37% for 2016. This percentage is derived from the Consumer Price Index, and the Town will use this as a metric for future COLA increases, reducing this significant pressure on the Plan.

Section 7-374c of the Connecticut General Statutes (the "Pension Statute") provides that as long as the pension deficit funding bonds are outstanding, the municipality shall (a) appropriate funds each year in an amount sufficient to meet the ARC and contribute such amount to the Retirement Plan, commencing with the fiscal year in which the pension deficit funding bonds are issued and (b) notify OPM annually of the amount of the ARC and the amount actually contributed to the Retirement Plan. The Pension Statute provides that if the municipality fails to appropriate sufficient funds to meet the ARC in any fiscal year, there shall be deemed appropriated an amount sufficient to meet such requirement, notwithstanding the provisions of any other general statute, special act or local law. Under the Pension Statute, "ARC" is defined as the annual required contribution of the municipal employer to the pension plan of the municipality, as established by the actuarial valuation and determined by an enrolled actuary in a method and using assumptions meeting the parameters established by generally accepted accounting principles, provided the amortization schedule used to determine such contribution shall be fixed and shall have a term not longer than the longer of ten years, or thirty years from the date of issuance of the pension deficit funding bonds. In the event that the funding ratio of the Plan, as determined immediately succeeding the deposit of the proceeds of the POBs, is reduced by 30% or more, the maximum permitted term of such amortization schedule shall be reduced by the same percentage. As such, if the Town's Retirement Plan has a funding ratio of approximately 37% after the deposit of the proceeds of the Bonds, a reduction in the funding ratio to 24.8% (a 33% reduction), could trigger a reduction of the amortization schedule of 10 years, significantly increasing the Town's annual ARC payment. Such a significant increase in the Town's annual ARC payment could force the Town to seek legislative relief to avoid violating the Pension Statute requirement to appropriate and deposit the ARC to the Retirement Plan each year the pension deficit funding bonds are outstanding.

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

In May 2014, the Town sponsored legislation to make funding the Retirement Plan more affordable for the Town's taxpayers. In June 2014, the Connecticut General Assembly adopted Public Act 14-217 (the "Town Pension Act"), which allows the Town to "ramp up" its ARC payments to the Retirement Plan. Pursuant to the Town Pension

Act, the Town is permitted to make the following ARC payments pursuant to the Pension Statute: (i) for the fiscal year in which the pension deficit funding bonds are issued, not less than 50% of the ARC; (ii) for the first fiscal year subsequent to the year of issue of the pension deficit funding bonds, not less than 55% of the ARC or an amount equal to \$5 million more than the contribution in the prior fiscal year, whichever is less, (iii) for the second fiscal year subsequent to the year of issue of the pension deficit funding bonds, 70% of the ARC or an amount equal to \$5 million more than the contribution in the prior fiscal year, whichever is less, (iv) for the third fiscal year subsequent to the year of issue of the pension deficit funding bonds, 80% of the ARC or an amount equal to \$5 million more than the contribution in the prior fiscal year, whichever is less, and (v) for the fourth fiscal year subsequent to the year of issue of the pension deficit funding bonds and for each fiscal year thereafter, 100% of the ARC required pursuant to Pension Statute. For fiscal year 2017-18, the Town has budgeted a contribution to the Plan of \$17,700,000, which assumes an ARC of not greater than \$22,300,000.

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

In addition, on an annual basis, the municipality shall provide the Secretary and the Treasurer with (i) an actuarial valuation of the Retirement Plan, (ii) any changes that have been made in the actuarial assumptions or methods, (iii) the footnote disclosure and required supplementary information disclosure required by GASB Statement No. 27 with respect to the Retirement Plan, and (iv) a review of the investments of the Retirement Plan and an analysis of performance by asset class. The Town filed its second report with the Secretary and the Treasurer for fiscal 2016 on January 25, 2017.

Prospective Funding Status of the Town's Retirement Plan

The table below sets forth the estimated cash flow, assets, liabilities and funding levels of the Pension Plan submitted to the Secretary and the Treasurer in connection with the issuance of the 2015 POBs. Assumptions included the deposit of approximately \$122 million of proceeds from the Town's 2015 POBs, and assuming ramp up contributions by the Town pursuant to the Pension Statute, as modified by the Town Pension Act, current benefits remaining in place and a 7.0% rate of return on Plan assets.

**Hamden Proposed Pension Plan
Cash Flow, Assets, Liabilities and Funding Levels (In millions)**

Fiscal Year	Market Value of Assets (BoY)	Employer Contributions Toward Normal Cost	Employer Contributions Toward Amortization	Employee Contributions	Benefit Payments	Admin Expenses	Net Cash Flow	Average MVA	Net Investment Return	Market Value of Assets (EoY)	Accrued Liability (EoY)	Unfunded Accrued Liability (MVA) - EoY	Funded Percentage
2015	\$ 50.1	\$ 3.6	\$ 134.2	\$ 2.2	\$ (25.0)	\$ (0.1)	\$ 114.9	\$ 107.6	\$ 7.5	\$ 172.6	\$ 464.3	\$ 291.7	37.17%
2016	172.6	3.2	11.5	2.2	(26.0)	(0.1)	(9.2)	168.0	11.8	175.1	475.4	300.3	36.84%
2017	175.1	3.0	13.1	2.1	(27.2)	(0.1)	(9.1)	170.6	11.9	178.0	485.9	307.9	36.63%
2018	178.0	2.8	16.1	2.0	(28.2)	(0.1)	(7.4)	174.2	12.2	182.7	495.8	313.1	36.86%
2019	182.7	2.6	21.5	1.9	(29.3)	(0.1)	(3.4)	181.0	12.7	191.9	505.0	313.1	38.01%
2020	191.9	2.4	23.8	1.8	(30.5)	(0.1)	(2.7)	190.6	13.3	202.6	513.4	310.8	39.46%
2021	202.6	2.2	25.9	1.7	(31.6)	(0.1)	(1.9)	201.7	14.1	214.8	520.9	306.1	41.24%
2022	214.8	2.1	28.2	1.6	(32.6)	(0.1)	(0.9)	214.3	15.0	228.9	527.5	298.6	43.39%
2023	228.9	1.9	28.0	1.4	(33.7)	(0.1)	(2.5)	227.6	15.9	242.3	533.1	290.9	45.44%
2024	242.3	1.7	27.7	1.3	(34.8)	(0.1)	(4.1)	240.2	16.8	255.0	537.9	282.9	47.41%
2025	255.0	1.6	27.5	1.2	(35.8)	(0.1)	(5.6)	252.2	17.7	267.0	541.5	274.5	49.31%
2026	267.0	1.4	27.1	1.1	(36.8)	(0.1)	(7.2)	263.4	18.4	278.3	544.2	265.9	51.14%
2027	278.3	1.3	26.9	1.0	(37.8)	(0.1)	(8.7)	273.9	19.2	288.7	545.7	257.0	52.91%
2028	288.7	1.1	26.5	0.9	(38.6)	(0.1)	(10.2)	283.6	19.9	298.4	546.0	247.6	54.66%
2029	298.4	1.0	26.3	0.8	(39.4)	(0.2)	(11.5)	292.7	20.5	307.4	545.0	237.6	56.41%
2030	307.4	0.9	26.0	0.7	(40.2)	(0.2)	(12.7)	301.0	21.1	315.7	543.0	227.2	58.15%
2031	315.7	0.7	25.6	0.6	(40.8)	(0.2)	(14.0)	308.7	21.6	323.3	539.8	216.4	59.90%
2032	323.3	0.6	25.3	0.5	(41.4)	(0.2)	(15.1)	315.8	22.1	330.4	535.3	204.9	61.71%
2033	330.4	0.5	25.0	0.4	(42.0)	(0.2)	(16.1)	322.3	22.6	336.8	529.7	193.0	63.57%
2034	336.8	0.4	24.6	0.4	(42.3)	(0.2)	(17.1)	328.3	23.0	342.7	522.9	180.2	65.54%
2035	342.7	0.3	24.3	0.3	(42.5)	(0.2)	(17.7)	333.8	23.4	348.3	514.9	166.6	67.65%
2036	348.3	0.3	24.0	0.2	(42.6)	(0.2)	(18.3)	339.2	23.7	353.8	505.8	152.0	69.94%
2037	353.8	0.2	23.7	0.2	(42.5)	(0.2)	(18.7)	344.4	24.1	359.2	495.8	136.6	72.46%
2038	359.2	0.2	23.4	0.1	(42.3)	(0.2)	(18.8)	349.8	24.5	364.9	484.7	119.8	75.28%
2039	364.9	0.1	23.0	0.1	(42.0)	(0.2)	(18.9)	355.5	24.9	370.9	473.0	102.1	78.41%
2040	370.9	0.1	22.7	0.1	(41.5)	(0.2)	(18.9)	361.4	25.3	377.3	460.7	83.4	81.89%
2041	377.3	0.1	22.4	0.1	(41.0)	(0.2)	(18.7)	368.0	25.8	384.4	447.7	63.3	85.86%
2042	384.4	0.0	22.0	0.0	(40.3)	(0.2)	(18.5)	375.2	26.3	392.2	434.1	41.9	90.35%
2043	392.2	0.0	21.7	0.0	(39.6)	(0.2)	(18.0)	383.2	26.8	401.0	420.0	19.0	95.48%
2044	401.0	0.0	21.4	0.0	(38.7)	(0.2)	(17.5)	392.3	27.5	411.0	405.5	(5.5)	101.36%
Total		36.5	819.5	27.2	(1,107.0)	(4.8)	(228.6)		589.4				

(Remainder of page intentionally left blank)

Investments

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

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

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

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

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

The following chart provides the 20-year historical returns for the Retirement Plan, as culled from the Town’s actuarial valuation reports completed over the last 20 years. The average annual return for the past 20 years was approximately 8.47%.

Year Ended	Market	Year Ended	Market
30-Jun	Return	30-Jun	Return
1997	21.72%	2007	15.27%
1998	23.38%	2008	-4.58%
1999	13.47%	2009	-14.64%
2000	14.57%	2010	15.61%
2001	-10.71%	2011	20.50%
2002	-9.92%	2012	0.02%
2003	2.14%	2013	9.78%
2004	9.26%	2014	14.70%
2005	9.38%	2015	-1.63%
2006	9.01%	2016	0.93%

Financial Reporting Standard

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

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

GASB 67 requires the liabilities to be compared to the market value of assets, rather than a smoothed actuarial value. As of June 30, 2014, the Plan had \$50.1 million in assets and \$452.5 million in liabilities, and thus the net pension liability was \$402.4 million. The fiduciary net position as a percentage of total pension liability was 11%. As of June 30, 2015, following the issuance of the 2015 POBs, the Plan had \$163.6 million in assets and \$454.4 million in liabilities, and thus the net pension liability was \$290.8 million. The fiduciary net position as a percentage of total pension liability was 36%. As of June 30, 2016, the Plan had \$154.8 million in assets and \$441.5 million in liabilities, and thus the net pension liability was \$286.7 million. The fiduciary net position as a percentage of total pension liability was 35%.

Also additional pension information including the Town's July 1, 2016 actuarial pension valuation report and a detailed pension study completed by Segal Consulting were filed on the EMMA website.

Other Post-Employment Benefits (OPEB)

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

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

Schedule of Employer Contributions

<i>Fiscal Year</i>	<i>Annual OPEB Cost</i>	<i>Actual Contributions</i>	<i>Percentage Contributed</i>	<i>Net OPEB Obligation</i>
6/30/2017 ¹	\$ 30,795,818	N/A	N/A	N/A
6/30/2016	35,570,962	\$ 18,377,480	51.7%	\$ 171,272,584
6/30/2015	34,567,833	17,338,134	50.2%	154,079,102
6/30/2014	34,884,722	17,669,283	50.7%	136,849,403
6/30/2013	33,920,115	16,718,841	49.3%	119,633,964
6/30/2012	33,055,026	15,847,243	47.9%	100,410,498

¹ Projected.

Schedule of Funding Progress

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

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

(Remainder of page intentionally left blank)

SECTION VI – ADDITIONAL INFORMATION

Litigation

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

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

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

Transcript and Closing Documents

The Underwriter will be furnished the following documents when the Bonds and the Notes are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town signed by the Mayor and the Director of Finance, which will be dated the date of delivery, and attached to a signed copy of the Official Statement, certifying that, to the best of said officials' knowledge and belief, as of the date of the execution of the Bond and Note Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds and the Notes.
4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut.
5. An executed continuing disclosure agreement for the Bonds and the Notes in substantially the form attached as Appendix C to this Official Statement.
6. Any other documents or certifications required by the Bond and Note Purchase Agreement.

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

Concluding Statement

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

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

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

By Curt Balzano Leng

Curt Balzano Leng, *Mayor*

By Salvatore DeCola

Salvatore DeCola, *Director of Finance*

Dated as of August 10, 2017

Appendix A

The following includes the General Purpose Financial Statements of the Town of Hamden, Connecticut for the fiscal year ended June 30, 2016. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available on EMMA and upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, Connecticut 06460, Telephone (203) 283-1110.

(This page intentionally left blank)

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
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.

This page intentionally left blank.

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.

**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)	<u>\$ (505,760,408)</u>

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	<u>\$ 11,785,221</u>

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	17,960,000	-
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	29,050,000	3,119,480
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%
--	--------

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	408
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.

This page intentionally left blank.

Appendix B-1

Form of Opinion of Bond Counsel – the Bonds

(This page intentionally left blank)

FORM OF OPINION OF BOND COUNSEL

August 24, 2017

Town of Hamden,
 Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the “Town”), a Tax Regulatory Agreement of the Town, dated August 24, 2017 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$11,510,000 Town of Hamden, Connecticut General Obligation Bonds, Issue of 2017, Series B, dated August 24, 2017 (the “Bonds”), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2018	\$580,000	4.000%	2028	\$575,000	5.250%
2019	580,000	5.000	2029	575,000	5.250
2020	575,000	5.000	2030	575,000	5.250
2021	575,000	5.250	2031	575,000	5.250
2022	575,000	5.250	2032	575,000	5.250
2023	575,000	5.250	2033	575,000	5.250
2024	575,000	5.250	2034	575,000	5.250
2025	575,000	5.250	2035	575,000	5.250
2026	575,000	5.250	2036	575,000	5.250
2027	575,000	5.250	2037	575,000	5.250

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of January and July in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

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

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

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

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

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

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

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

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

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

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

Very truly yours,

ROBINSON & COLE LLP

Appendix B-2

Form of Opinion of Bond Counsel – the Notes

(This page intentionally left blank)

FORM OF OPINION OF BOND COUNSEL

August 24, 2017

Town of Hamden,
Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated August 24, 2017 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$9,610,000 Town of Hamden, Connecticut General Obligation Bond Anticipation Notes, dated August 24, 2017 and maturing August 23, 2018, consisting of Note R-1 in the aggregate principal amount of \$9,610,000, bearing interest at the rate of 3.000% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

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

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

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

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

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

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

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

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

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

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

Very truly yours,

ROBINSON & COLE LLP

Appendix C-1

Form of Continuing Disclosure Agreement – the Bonds

(This page intentionally left blank)

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$11,510,000 General Obligation Bonds, Issue of 2017, Series B
dated August 24, 2017

August 24, 2017

WHEREAS, the Town of Hamden, Connecticut (the “Town”) has heretofore authorized the issuance of \$11,510,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2017, Series B, dated August 24, 2017 (the “Bonds”), and to mature on the dates and in the amounts as set forth in the Town’s Official Statement dated August 10, 2017 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond and Note Purchase Agreement, dated August 10, 2017 (the “Bond and Note Purchase Agreement”); and

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

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

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

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

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

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

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

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

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

By: _____
Curt Balzano Leng
Mayor

By: _____
Salvatore DeCola
Director of Finance

Appendix C-2

Form of Continuing Disclosure Agreement – the Notes

(This page intentionally left blank)

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$9,610,000 General Obligation Bond Anticipation Notes
dated August 24, 2017

August 24, 2017

WHEREAS, the Town of Hamden, Connecticut (the “Town”) has heretofore authorized the issuance of \$9,610,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated August 24, 2017 (the “Notes”), and to mature on the dates and in the amounts as set forth in the Town’s Official Statement dated August 10, 2017 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold by a negotiated sale pursuant to a Bond and Note Purchase Agreement, dated August 10, 2017 (the “Bond and Note Purchase Agreement”); and

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

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

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

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

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

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

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

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

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

Section 2. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 3. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Notes.

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

TOWN OF HAMDEN, CONNECTICUT

By: _____
Curt Balzano Leng
Mayor

By: _____
Salvatore DeCola
Director of Finance