

FINAL OFFICIAL STATEMENT DATED JUNE 3, 2015

REFUNDING ISSUE: *Book-Entry-Only*

RATINGS: (Insured) Standard & Poor's: AA
(Underlying) Standard & Poor's: A+
Fitch Ratings: BBB+

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 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 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 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 \$15,545,000 General Obligation Refunding Bonds, Issue of 2015

Dated: *Date of Delivery*

Due: *August 15, as detailed below:*

The Bonds will bear interest payable on August 15, 2015 and semiannually thereafter on February 15 and August 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book Entry Only Transfer System" herein).

Year	Principal	Coupon	Yield	CUSIP	Year	Principal*	Coupon	Yield	CUSIP
2015	\$ 2,295,000	2.000%	0.820%	4067923B5	2023*	\$ 940,000	2.250%	2.870%	4067923G4
2016	1,585,000	2.000%	1.480%	4067923C3	2024*	605,000	3.000%	3.070%	4067923H2
2019	495,000	5.000%	2.100%	4067923P4	2025*	610,000	5.000%	3.240%	4067923J8
2020	1,120,000	5.000%	2.380%	4067923D1	2026*	610,000	3.250%	3.420%	4067923K5
2021*	1,535,000	5.000%	2.480%	4067923E9	2027*	605,000	3.375%	3.580%	4067923L3
2021*	1,000,000	2.000%	2.480%	4067923Q2	2028*	600,000	3.500%	3.730%	4067923M1
2022*	2,945,000	5.000%	2.690%	4067923F6	2029*	600,000	3.625%	3.850%	4067923N9



*Insured by Assured Guaranty Municipal Corp.

The scheduled payment of principal of and interest on the Bonds maturing on August 15 of the years 2021 through 2029, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

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

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

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about June 17, 2015.

RAYMOND JAMES

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.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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.

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.

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

Table of Contents

I. Bond Information	1	Owner Occupied Housing Values	25
Introduction	1	Number and Size of Households	26
Financial Advisor	1	Breakdown of Land Use	26
Description of the Bonds	1	V. Debt Summary	27
Optional Redemption	2	Outstanding Short-Term Debt	27
Authorization and Purpose	2	Outstanding Bonded Debt	27
Plan of Refunding	3	Overlapping/Underlying Debt	27
Verification of Mathematical Computations	3	Bonded Debt Maturity Schedule	28
Sources and Uses of Bond Proceeds	4	Temporary Financing	29
Book-Entry Only Transfer System	4	Statement of Statutory Debt Limitation	30
DTC Practices	5	Authorized But Unissued Debt	30
Replacement Bonds	5	Debt Statement	31
Security and Remedies	5	Current Debt Ratios	31
Bondowner's Risk	6	Five-year Debt Statement Summary	32
Qualifications for Financial Institutions	8	Five-year Debt Statement Summary Ratios	32
Availability of Continuing Disclosure Information	8	Annual Debt Service to General Fund Expenditures	32
Bond Ratings	8	Authority to Incur Debt	32
Tax Matters	9	VI. Financial Information	33
Original Issue Discount	9	Taxable Grand List	33
Original Issue Premium	10	Major Taxpayers	33
Underwriting	10	Tax Collections	34
Bond Insurance	11	Property Tax Revenues	34
Bond Insurance Policy	11	Comparative Balance Sheet	35
Assured Guaranty Municipal Corp.	11	Adopted Budgets	36
II. The Issuer	13	General Fund Revenues, Expenditures and Changes in	
Description of the Municipality	13	Fund Balance	37
Form of Government	14	Explanation of Audited Financial Reports	38
Principal Municipal Officials	14	Intergovernmental Revenues	38
Municipal Services	14	Capital Improvement Plan	38
Education System	17	Future Debt Issuance Plans	39
School Facilities	17	Budget Procedure	39
School Enrollment and Projections	18	Audit	39
Municipal Employees	18	Assessment Practices	39
Employees' Bargaining Organizations	19	Property Tax Levy & Collections	40
III. Economic and Demographic Information	20	Investment Practices	40
Population and Density	20	Risk Management	41
Age Distribution of the Population	20	Pension Programs	42
Income Distribution	21	Other Post-Employment Benefits	50
Comparative Income Measures	21	VII. Legal and Other Information	52
Educational Attainment	21	Litigation	52
Employment Data	22	Transcript and Closing Documents	52
Industry Classification	22	Concluding Statement	53
Major Employers	23	Appendix A - Basic Financial Statements (Excerpted from the	
Commute to Work	23	 Town's 2014 Comprehensive Annual Financial Report)	
Building Permits	24	Appendix B - Form of Opinion of Bond Counsel	
Age Distribution of Housing	24	Appendix C - Form of Continuing Disclosure Agreement	
Housing Units by Type of Structure	24	Appendix D - Specimen Municipal Bond Insurance Policy	
Housing Unit Vacancy Rates	25		

(This page intentionally left blank)

I. Bond Information

Introduction

This Official Statement, (the "Official Statement") including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Hamden, Connecticut (the "Town"), in connection with the original issuance and sale of \$15,545,000 General Obligation Refunding Bonds, Issue of 2015, (the "Bonds") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Town since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

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

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

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

Financial Advisor

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

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

Description of the Bonds

The Bonds will be dated as of the date of delivery, June 17, 2015, 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 on August 15, 2015 and semiannually thereafter on February 15 and August 15, in each year until maturity. 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.

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 respective 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>Period During Which Redeemed</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 at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

Authorization and Purpose

The Bonds are being issued pursuant to Section 7-370c of the General Statutes of the State of Connecticut, as amended, and a resolution adopted by the Town Council on August 4, 2014, and amended on March 2, 2015 authorizing the issuance of refunding bonds in an amount not to exceed \$30,000,000 to refund all or any portion of any one or more series of the Town’s outstanding general obligation bonds. See “Plan of Refunding”.

Plan of Refunding

The Bonds are being issued to refund at or prior to maturity all of the Town’s outstanding general obligation bonds as set forth below (the “Refunded Bonds”). The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Interest Rate	Par Amount	Redemption Date	Redemption Price
2004 Refunding	9/15/2004	7/15/2015	3.750%	\$ 2,090,000	n/a	n/a
		7/15/2016	3.800%	1,990,000	7/17/2015	100.00
		7/15/2017	4.000%	1,920,000	7/17/2015	100.00
		7/15/2018	4.000%	650,000	7/17/2015	100.00
		7/15/2019	4.125%	640,000	7/17/2015	100.00
		7/15/2020	4.125%	630,000	7/17/2015	100.00
				<u>7,920,000</u>		
2009, Series A	8/15/2009	8/15/2016	2.750%	\$ 625,000	8/15/2015	100.00%
		8/15/2017	3.000%	625,000	8/15/2015	100.00
		8/15/2018	3.000%	615,000	8/15/2015	100.00
		8/15/2019	3.250%	600,000	8/15/2015	100.00
		8/15/2021	3.500%	600,000	8/15/2015	100.00
		8/15/2022	3.750%	600,000	8/15/2015	100.00
		8/15/2023	3.750%	600,000	8/15/2015	100.00
		8/15/2024	3.750%	600,000	8/15/2015	100.00
		8/15/2025	4.000%	600,000	8/15/2015	100.00
		8/15/2026	4.000%	600,000	8/15/2015	100.00
		8/15/2027	4.000%	600,000	8/15/2015	100.00
		8/15/2028	4.000%	600,000	8/15/2015	100.00
8/15/2029	4.125%	600,000	8/15/2015	100.00		
				<u>7,865,000</u>		
Total				<u><u>15,785,000</u></u>		

Upon delivery of the Bonds, a portion of the Bond proceeds will be deposited in an irrevocable trust fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the date of delivery between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase shares of a non-interest bearing money market deposit account of the Escrow Agent (the “Escrow Deposit”). Any investment income on and the maturing principal of the Escrow Deposit held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and Underwriter’s discount.

Verification of Mathematical Computations

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

Sources and Uses of Bond Proceeds:

Sources:

Par Amount of the Bonds	\$ 15,545,000.00
Net Original Issue Premium	<u>841,109.35</u>
Total Sources	<u><u>16,386,109.35</u></u>

Uses:

Deposit to Escrow Deposit Fund	16,082,443.26
Costs of Issuance	128,884.88
Underwriters' Discount	74,256.25
Bond Insurance	<u>100,524.96</u>
Total Uses	<u><u>\$ 16,386,109.35</u></u>

Book-Entry-Only Transfer System

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

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

Replacement Bonds

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

Security and Remedies

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

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

statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

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

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

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

Bondowners' Risk

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

Town Pension Liability

Many factors influence the amount of the Town's pension benefit liability, including, without limitation, inflationary factors, changes in the Pension Statute, changes in the levels of benefits provided or in the contribution rates of the Town, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience. Any of these factors could increase the Town's annual contribution to the Plan.

Risks Related to Town Operations

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

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 \$283.7 million unfunded pension liability. The Town has an approximate \$452 million unfunded other postemployment benefits liability (“OPEB”), 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.

Early Redemption of the Bonds

The Bonds are subject to redemption prior to maturity as set forth under “SECTION I – Bond Information – Optional Redemption” in this Official Statement.

Marketability

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

Legal Matters and Future Changes in Laws

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

Repayment of the Bonds and Potential Effects of Bankruptcy

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

borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations, including the Town.

Limitations on Enforcement of Remedies

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

Forward Looking Statements

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

Qualification for Financial Institutions

The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the 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, substantially in the form attached as Appendix C to this Official Statement (the “Continuing Disclosure Agreement”). The Underwriters’ obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town 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 personnel and omissions on the part of the Town, 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, 2011, the audited financial statements and operating data of the Town were filed late with the Municipal Securities Rulemaking Board’s (“MSRB”) Electronic Municipal Market Access website (“EMMA”) on May 3, 2012. The Town also failed to file notice of the failure to file its audited financial statements and operating data for the fiscal year ended June 30, 2011 on a timely basis with the MSRB. The failure to file such audited financial statements and operating data and notices has been remedied as of July 24, 2012 and July 27, 2012, respectively, and the Town has implemented procedures to ensure the timely filing of audited financial statements and operating data in the future.

Bond Rating

The Town has received “A+” and “BBB+” ratings from Standard & Poor’s Corporation and Fitch Ratings respectively (the “Rating Agencies”) on the Bonds. S&P is expected to assign the Insured Bonds an insured rating of “AA” (stable outlook) based upon the issuance of the insurance policy to be issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds. The Town furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the Rating Agency. 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.

The Town expects to furnish to the Rating Agency information and materials that they may request. However, the Town may issue short-term or other debt for which a rating is not requested. The Town’s Financial Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

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 in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds 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 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 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.

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

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

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.

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 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.

Original Issue Discount

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

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond 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 by such owner. Accrued original issue discount on the Bonds 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. 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 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.

Original Issue Premium

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

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

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$16,311,853.10 (consisting of the principal amount of \$15,545,000.00 plus net original issue premium of \$841,109.35, less Underwriter's discount of \$74,256.25).

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

Bond Insurance

The information contained in this Section has been provided by Assured Guaranty Municipal Corp. for inclusion in this Official Statement. Accordingly, neither the Town nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on August 15 of the years 2021 through 2029, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). On February 18, 2015, Moody's published a credit opinion under its new financial guarantor ratings methodology maintaining its existing rating and outlook on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Capitalization of AGM

At March 31, 2015, AGM's policyholders' surplus and contingency reserve were approximately \$3,730 million and its net unearned premium reserve was approximately \$ 1,702 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (filed by AGL with the SEC on February 26, 2015); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 (filed by AGL with the SEC on May 8, 2015).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

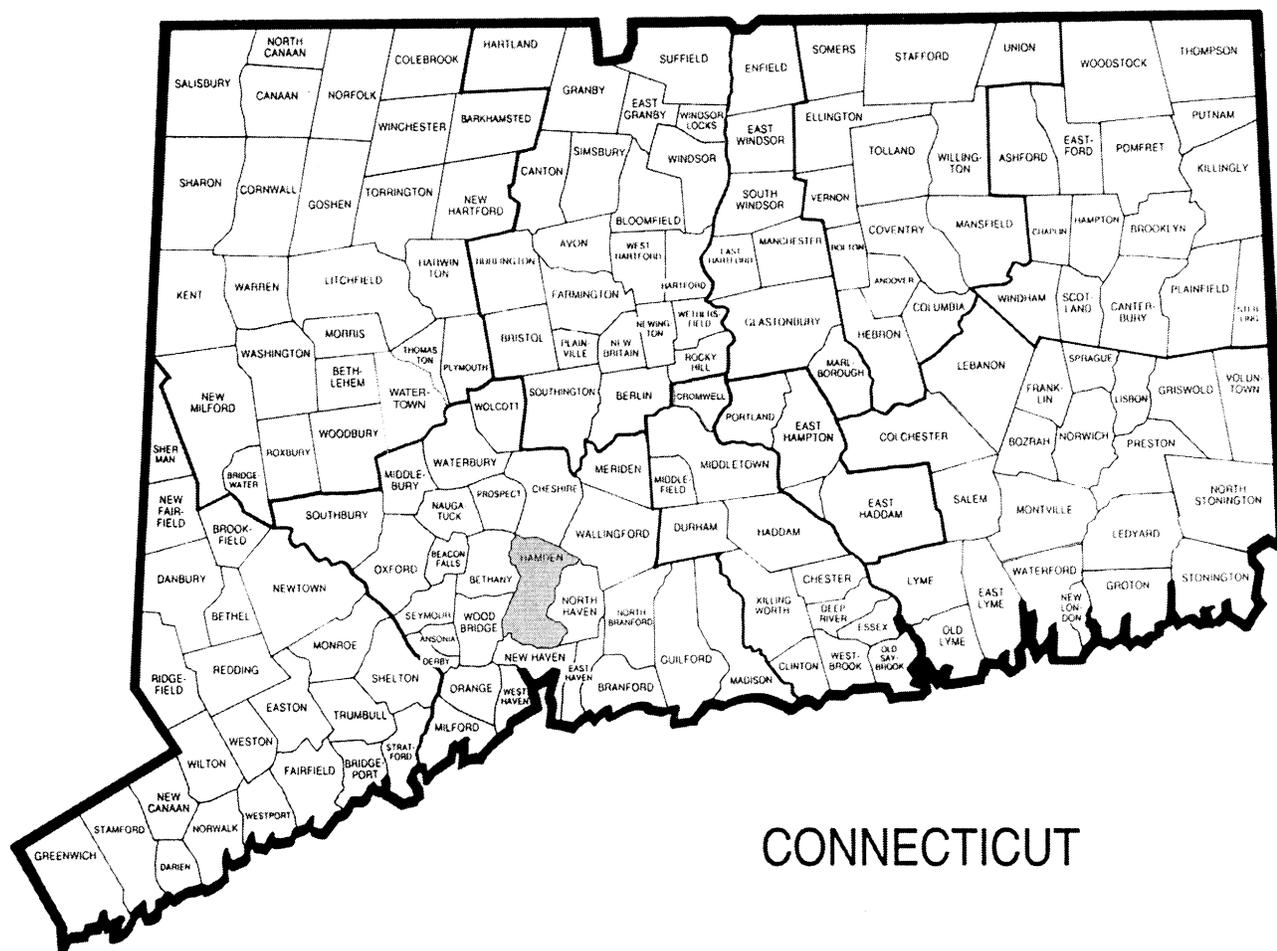
Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured Bonds or uninsured bonds at any time or from time to time.

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

II. The Issuer



Description of the Municipality

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, Hamden 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 Hamden's proximity to major academic institutions, including Yale University, Albertus Magnus College, Southern Connecticut State University, and the University of New Haven. Hamden'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 is 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

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Length of Service</u>
Mayor	Curt Balzano Leng	Elected	< 1 month ¹
Chief Administrative Officer	Julie Erin Smith	Appointed/indefinite	< 1 month ¹
Director of Finance.....	Salvatore DeCola	Appointed/indefinite	2 ½ years
Town Clerk	Vera A. Morrison	Elected/2 years	20 years
Tax Collector	John Steele	Appointed/indefinite	27 years
Assessor	Ross Murray	Appointed/indefinite	4 years
Superintendent of Schools	Jody Goeler	Appointed/indefinite	< 1 year ²
Deputy Finance Director	Amaechi E. Obi	Appointed/indefinite	25 years

¹ Former Mayor Scott Jackson voluntarily resigned on April 16, 2015 to take a position with the State of Connecticut. The position was held on an acting basis by James Pascarella, Council President, and Curt Balzano Leng was elected on May 28, 2015. On June 3, 2015 Mayor Balzano Leng appointed Julie Erin Smith as Chief Administrative Officer.

² Appointed on July 7, 2014

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 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 Quinnipiac 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 over \$7 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 mid-2015.
- Quinnipiac University: is a private, coeducational university with approximately 6,500 undergraduate and 2,500 graduate students based in Hamden. Quinnipiac 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.

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 access to the internet for the public. The Miller Library offers wireless access. 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 years ended June 30, 2013 and 2014, the disposal fees were \$66.21 and \$67.90 per ton, respectively. In fiscal year 2015, the disposal fee is \$65.00 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

<u>School</u>	<u>Grades</u>	<u>Date Built (Latest Renovations)</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/14</u>	<u>Designed Capacity</u>
Alice Peck Elementary School	Pre-K	1954 (1991)	18	150	300
Bear Path Elementary School	K–6	2003	25	448	495
Dunbar Hill Elementary School	K–6	1950 (1995)	18	296	403
Helen Street Elementary School	K–6	1992	20	332	350
Ridge Hill Elementary School	K–6	1971 (2011)	22 open classrooms	322	560
Shepherd Glen Elementary School	K–6	1972	17 open classrooms	320	477
Spring Glen Elementary School	K–6	2003	22	434	450
West Woods Elementary School	K–6	1973	24	430	510
Church Street Elementary School	K–6	1991	28	327	438
Hamden Middle School	7–8	2006	66	815	1,155
Hamden High School	9–12	1935 (1998)	77	1,757	2,100
Central Office (Administration)	N/A	1915 (2011)	N/A	N/A	N/A
<i>Total</i>				5,631	7,238

School Enrollments

<u>School Year</u>	<u>Pre-K-6</u>	<u>7-8</u>	<u>9-12</u>	<u>Total</u>
2004-05	3,160	949	2,208	6,317
2005-06	2,979	983	2,152	6,114
2006-07	3,029	975	2,187	6,191
2007-08	3,150	912	2,191	6,253
2008-09	3,086	866	2,113	6,065
2009-10	3,086	881	1,973	5,940
2010-11	3,148	900	1,937	5,985
2011-12	3,079	906	1,852	5,837
2012-13	3,091	900	1,805	5,796
2013-14	3,089	865	1,811	5,765
2014-15	3,059	815	1,757	5,631
<i>Projected</i>				
2015-16	3,059	815	1,757	5,631
2016-17	3,040	815	1,757	5,612
2017-18	3,000	815	1,757	5,572

Beginning in fiscal year 2004-05 Special Education students were counted in their respective grades and not counted separately.

Municipal Employees¹

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government	470	470	465	470	447
Board of Education	<u>836</u>	<u>831</u>	<u>804</u>	<u>804</u>	<u>804</u>
Total	1,306	1,301	1,269	1,274	1,251

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

Municipal Employees Bargaining Organizations

<u>Employees</u>		<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
<i>General Government</i>			
Police	UPSEU/COPS	102	06/30/14 ¹
Firefighters	Local 2687, International Assoc. of Firefighters	92	06/30/20
Public Works	Local 424, UPSEU Unit #1	55	06/30/17
Town Hall /Engineering.....	Council #4, AFSCME, Local 2863	91	06/30/17
Dispatchers	UPSEC, Local 424 Unit #63	16	06/30/17
Parks and Recreation	Local 424, UPSEU Unit #36	19	06/30/17
Library	Local 1303-115, Council #4, AFSCME	40	06/30/17
Supervisors	Local 424, UPSEU Unit #23	32	06/30/17
Non-bargaining	N/A	<u>23</u>	N/A
		470	
<i>Board of Education</i>			
Custodians and			
Maintenance	Local 431, Council #4, AFSCME, AFL-CIO	51	06/30/17
Teachers	Hamden Education Association, Local 57	560	06/30/15
Administrators	Association of Hamden Public School Administrators, AHPSA, AFL-CIO	30	06/30/17
Nurses	Hamden School Nurses Association, CILU	17	06/30/16
Clerical and			
Paraprofessionals	Local 424, UPSEU Unit #2	146	06/30/15
Security Guards	Local 1303-373, AFSCME	10	06/30/16
Supervisors	UPSEU Local 424	9	06/30/17
Non-bargaining	N/A	<u>13</u>	N/A
		<u>836</u>	
Total		1,306	

¹ In arbitration.

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.

III. Economic and Demographic Information
Population and Density

Year	Actual		Density²
	Population¹	% Increase	
2013 ³	61,468	0.8%	1,845.9
2010	60,960	7.1%	1,830.6
2000	56,913	8.5%	1,709.1
1990	52,434	2.7%	1,574.6
1980	51,071	3.5%	1,533.7
1970	49,357	20.2%	1,482.2
1960	41,056	--	1,232.9

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

² Per square mile: 33.3 square miles.

³ American Community Survey 2009-2013.

Age Distribution of the Population

Age	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	3,361	5.5%	194,225	5.4%
5 to 9 years	2,762	4.5	219,349	6.1
10 to 14 years	3,406	5.5	233,937	6.5
15 to 19 years	6,275	10.2	256,728	7.1
20 to 24 years	5,701	9.3	231,855	6.5
25 to 34 years	7,412	12.1	434,045	12.1
35 to 44 years	7,857	12.8	457,352	12.7
45 to 54 years	8,891	14.5	564,968	15.7
55 to 59 years	3,538	5.8	253,949	7.1
60 to 64 years	3,688	6.0	214,885	6.0
65 to 74 years	3,805	6.2	280,270	7.8
75 to 84 years	2,833	4.6	162,478	4.5
85 years and over	1,939	3.2	88,223	2.5
Total.....	61,468	100%	3,592,264	100%
Median Age (Years) 2013.....	37.5		40.2	
Median Age (Years) 2010..... ¹	37.4		40.0	
Percent Ages 60 and over.....	20.0%		20.8%	

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

Source: American Community Survey 2009-2013.

Income Distribution

Income	Town of Hamden		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	290	2.0%	29,895	3.3%
10,000 - 14,999.....	243	1.7	19,176	2.1
15,000 - 24,999.....	548	3.8	47,319	5.2
25,000 - 34,999.....	998	6.9	56,997	6.3
35,000 - 49,999.....	1,458	10.1	86,025	9.5
50,000 - 74,999.....	2,469	17.0	143,989	15.9
75,000 - 99,999.....	2,105	14.5	131,874	14.6
100,000 - 149,999.....	3,375	23.3	187,718	20.8
150,000 - 199,999.....	1,697	11.7	90,602	10.0
200,000 and over.....	1,324	9.1	109,982	12.2
Total.....	14,507	100.0%	903,577	100.0%

Source: American Community Survey 2009-2013.

Comparative Income Measures

	Town of Hamden	State of Connecticut
Per Capita Income, 2013.....	\$ 33,888	\$ 37,892
Per Capita Income, 2010.....	\$ 34,596	\$ 36,775
Median Family Income, 2013.....	\$ 88,948	\$ 87,245
Median Family Income, 2010	\$ 88,613	\$ 84,170

Source: American Community Survey 2009-2013.

Educational Attainment

(Years of School Completed – Age 25 and Over)

	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	1,145	2.9%	109,133	4.5%
9th to 12th grade.....	1,511	3.8	155,272	6.4
High School graduate.....	9,964	24.9	678,370	27.8
Some college, no degree.....	7,083	17.7	431,469	17.7
Associate's degree	2,326	5.8	178,597	7.3
Bachelor's degree.....	9,181	23.0	498,124	20.4
Graduate or professional degree.....	8,753	21.9	392,796	16.1
Total.....	39,963	100.0%	2,443,761	100.0%
Total high school graduate or higher (%).....		93.4%		89.2%
Total bachelor's degree or higher (%).....		44.9%		36.5%

Source: American Community Survey 2009-2013.

Labor Force Data

Period	Town of Hamden		Percentage Unemployed		
	Employed	Unemployed	Town of Hamden	New Haven Labor Market	State of Connecticut
March 2015	33,506	1,923	5.4	6.4	6.5
Annual Average					
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
2006.....	29,202	1,309	4.5	4.0	4.4
2005.....	28,765	1,419	4.3	5	4.9
2004.....	28,676	1,373	4.7	4.9	4.9

Source: State of Connecticut, Department of Labor.

Industry Classification

Sector	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	17	0.1%	6,945	0.4%
Construction.....	859	2.7	99,444	5.7
Manufacturing.....	2,786	8.6	193,945	11.0
Wholesale trade.....	577	1.8	43,550	2.5
Retail trade.....	3,359	10.4	191,841	10.9
Transportation warehousing, and utilities.....	1,132	3.5	65,630	3.7
Information.....	849	2.6	41,588	2.4
Finance, insurance, real estate, and leasing.....	2,425	7.5	160,976	9.1
Professional, scientific, management, administrative, and waste management.....	2,997	9.3	194,959	11.1
Education, health and social services.....	12,404	38.4	464,177	26.4
Arts, entertainment, recreation, accommodation and food services.....	2,481	7.7	148,097	8.4
Other services (except public admin.).....	1,185	3.7	81,443	4.6
Public Administration.....	1,269	3.9	66,817	3.8
Total Labor Force, Employed.....	32,340	100.0%	1,759,412	100.0%

Source: American Community Survey 2009-2013.

Major Employers

The following are among the most significant employers in the Town of Hamden as of March 2015:

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Town of Hamden/Board of Education	Municipality	1,247
Quinnipiac University	Education	851
Stop & Shop	Food store	372
Ardenhouse Care & Rehabilitation Center	Nursing home	370
Whitney Center	Assisted living	287
AAA	Automobile club	275
ACES	Special education services	250
Children's Center	Child care agency	235
XL Care Agencies of CT	Home health care	158
State of Connecticut, Department of Children and Families	State agency	158
Hamden Health Care	Nursing home	145
Porcelen SPECRAIL	Fence manufacturer	120
Shop Rite Supermarket	Food store	115
EZ Form Cable	Electrical manufacturer	70

Source: Economic Development Department, Town of Hamden

Commute to Work (16 years of age and over)

	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	24,313	77.2%	1,351,928	78.3%
Car pools	2,434	7.7	145,111	8.4
Used public transportation	1,676	5.3	83,438	4.8
Walked	1,829	5.8	52,801	3.1
Used other means	506	1.6	20,818	1.2
Worked at home	736	2.3	73,001	4.2
Total	31,494	100.0%	1,727,097	100.0%
 Mean travel to work (minutes)	 23.5	 -	 25.1	

Source: American Community Survey 2011-2013.

Number and Value of Building Permits¹

<u>Fiscal Year</u>	<u>Number</u>	<u>Total Value</u>
2013-14	2,434	\$ 30,761,083
2012-13	2,374	27,295,387
2011-12	2,551	33,180,649
2010-11	2,147	31,204,542
2009-10	2,034	102,483,551
2008-09	1,623	71,975,422
2007-08	2,077	161,547,932
2006-07.....	2,260	56,976,264
2005-06	2,267	84,261,953
2004-05	1,835	46,501,819

¹ Includes residential and commercial construction.

Age Distribution of Housing

<u>Year Built</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1939 or earlier.....	4,629	18.5%	336,587	22.6%
1940 to 1969.....	10,715	42.7	538,727	36.2
1970 to 1979.....	2,963	11.8	200,576	13.5
1980 to 1989.....	3,308	13.2	192,185	12.9
1990 to 1999.....	2,172	8.7	111,295	7.5
2000 or 2009.....	1,176	4.7	102,666	6.9
2010 or later.....	112	0.4	4,959	0.3
Total Housing Units.....	25,075	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013.

Housing Units by Type of Structure

<u>Housing Units</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1-unit, detached	14,146	56.4%	882,026	59.3%
1-unit, attached	1,155	4.6	80,070	5.4
2 units	1,627	6.5	119,386	8.0
3 or 4 units	1,528	6.1	132,699	8.9
5 to 9 units	1,169	4.7	80,615	5.4
10 to 19 units	1,263	5.0	54,993	3.7
20 or more units	4,187	16.7	124,355	8.4
Mobile home	-	-	12,427	0.8
Boat, RV, van, etc.	-	-	424	0.0
Total Inventory.....	25,075	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013.

Housing Unit Vacancy Rates

Housing Units	Town of Hamden		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units	22,991	91.7%	1,355,849	91.2%
Vacant housing units	2084	8.3	131,146	8.8
Total units	25,075	100.0%	1,486,995	100.0%
Homeowner vacancy rate	—	1.5	—	1.6
Rental vacancy rate	—	4.3	—	7.1

Source: American Community Survey 2009-2013.

Owner-occupied Housing Units

Specified Owner-Occupied Units	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	339	2.2%	20,800	2.3%
\$50,000 to \$99,000.....	307	2.0	24,638	2.7
\$100,000 to \$149,999.....	1,253	8.2	66,934	7.3
\$150,000 to \$199,000.....	3,030	19.9	135,714	14.8
\$200,000 to \$299,999.....	6,162	40.5	264,832	28.8
\$300,000 to \$499,999.....	3,429	22.5	250,076	27.2
\$500,000 or more.....	651	4.3	114,622	12.5
\$1,000,000 or more.....	58	0.4	41,872	4.6
Total	15,229	100.0%	919,488	100.0%
Median Value	\$240,800		\$278,900	

Source: American Community Survey 2009-2013.

(Remainder of page intentionally left blank)

Number and Size of Households

<i>Household Characteristics</i>	<i>Town of Hamden</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Persons in households	56,558	–	3,457,415	–
Persons per household (average)	2.46	–	2.55	–
Persons per family (average)	3.12	–	3.14	–
Family households	14,507	63.1%	903,577	66.6%
Non-family households	8,484	36.9%	452,272	33.4%
All households	22,991	100.0%	1,355,849	100.0%
Family households by type				
Married couple	10,977	75.7%	669,883	74.1%
Female householders, no spouse ...	2,885	19.9%	176,295	19.5%
Other	645	4.4%	57,399	6.4%
Total family households	14,507	100.0%	903,577	100.0%
Non-family households by type				
Householders living alone	6,894	81.3%	374,214	82.7%
Other	1,590	18.7%	78,058	17.3%
Total non-family households	8,484	100.0%	452,272	100.0%

Source: American Community Survey 2009-2013.

Breakdown of Land Use

<i>Land Use Category</i>	<i>Total Acreage</i>	<i>Percent</i>
Developed.....	9,340	44.2%
Vacant.....	4,694	22.2
Open Space.....	7,086	33.6
Total.....	21,120	100.0%

(Remainder of page intentionally left blank)

IV – Debt Section

Debt Summary As of June 17, 2015 (Pro Forma)

Outstanding Short-term Debt

<u>Project</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Maturity Date</u>
Various Public Improvements	\$9,985,000	\$ 1,500	08/20/15
Various Town Projects	7,700,000	7,700,000	08/20/15
Various BOE Projects	6,673,500	6,673,500	08/20/15
Sidewalk & Road Improvements	<u>3,585,000</u>	<u>3,585,000</u>	08/20/15
Total	\$27,943,500	\$17,960,000	

Outstanding Bonded Debt

<u>Dated Date</u>	<u>Final Maturity</u>	<u>Purpose</u>	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
09/15/04	07/15/20	Various purpose refunding	2.70–5.00	\$23,325,000	\$ 800,000
08/15/09	08/15/29	Various purpose – Series A	2.75–4.50	12,215,000	625,000
08/15/09	08/15/19	Land acquisition – Series B	3.50–5.50	4,000,000	2,650,000
06/01/10	08/15/20	Various purpose refunding, Series A	3.00–4.00	4,950,000	2,400,000
06/01/10	08/15/20	Various purpose refunding, Series B	3.00–5.00	7,730,000	3,780,000
08/24/11	08/15/31	Various purpose	2.00–4.25	34,000,000	27,770,000
10/06/11	07/15/20	Various purpose	3.00–4.00	13,150,000	7,685,000
08/23/12	08/15/32	Various purpose	2.00–5.00	24,705,000	20,995,000
05/15/13	08/15/25	Various purpose	3.00–5.00	29,415,000	29,415,000
08/21/14.....	08/15/34	Various purpose	2.00–5.00	26,405,000	25,510,000
03/10/15	08/15/44	Pension Bonds	4.00–5.20	125,000,000	125,000,000
06/17/15	08/15/29	This Issue – Schools	2.00–5.00	4,545,000	4,545,000
06/17/15	08/15/29	This Issue – General Purpose	2.00–5.00	<u>11,000,000</u>	<u>11,000,000</u>
Total				\$320,440,000	\$262,175,000

Overlapping/Underlying Debt

The Town of Hamden does not have overlapping or underlying debt.

**Bonded Debt Maturity Schedule
As of June 17, 2015
(Pro Forma)**

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments¹</u>	<u>Total Payments</u>	<u>This Issue Principal Only</u>	<u>Cumulative Principal Retired (%)</u>
2015 ²	\$ -	\$ -	\$ -	-	0.00%
2016	9,850,000	10,429,928	20,279,928	\$ 2,295,000	4.63
2017	9,245,000	10,512,906	19,757,906	1,585,000	8.76
2018	10,730,000	10,130,693	20,860,693	-	12.86
2019	11,760,000	9,678,250	21,438,250	-	17.34
2020	11,765,000	9,191,568	20,956,568	495,000	22.02
2021	11,690,000	8,681,603	20,371,603	1,120,000	26.90
2022	10,845,000	8,189,681	19,034,681	2,535,000	32.01
2023	11,035,000	7,712,115	18,747,115	2,945,000	37.3
2024	10,290,000	7,248,050	17,538,050	940,000	41.62
2025	10,460,000	6,826,271	17,286,271	605,000	45.84
2026	10,350,000	6,425,428	16,775,428	610,000	50.02
2027	7,460,000	6,045,936	13,505,936	610,000	53.10
2028	7,620,000	5,696,004	13,316,004	605,000	56.24
2029	7,785,000	5,356,512	13,141,512	600,000	59.44
2030	7,960,000	5,014,715	12,974,715	600,000	62.70
2031	8,145,000	4,663,225	12,808,225	-	65.81
2032	8,340,000	4,301,471	12,641,471	-	68.99
2033	6,795,000	3,966,142	10,761,142	-	71.58
2034	5,775,000	3,679,979	9,454,979	-	73.78
2035	6,000,000	3,397,052	9,397,052	-	76.07
2036	4,915,000	3,127,535	8,042,535	-	77.95
2037	5,170,000	2,871,960	8,041,960	-	79.92
2038	5,445,000	2,595,970	8,040,970	-	82.00
2039	5,740,000	2,305,160	8,045,160	-	84.19
2040	6,045,000	1,998,750	8,043,750	-	86.49
2041	6,365,000	1,676,090	8,041,090	-	88.92
2042	6,705,000	1,336,270	8,041,270	-	91.48
2043	7,065,000	978,250	8,043,250	-	94.17
2044	7,440,000	601,120	8,041,120	-	97.01
2045	<u>7,840,000</u>	<u>203,840</u>	<u>8,043,840</u>	-	100.00
Total	\$246,630,000	\$154,842,474	\$401,472,474	\$15,545,000	

¹ Does not include interest on this issue.

² Excludes \$5,835,000 of principal and \$4,498,320 of interest paid from July 1, 2014 to June 17, 2015.

**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).

[Remainder of this page intentionally left blank]

**Statement of Statutory Debt Limitation
As of June 17, 2015
(Pro Forma)**

Debt Limitation Base

Total tax collections, including interest and lien fees for the fiscal year ended June 30, 2014	\$157,591,261
Debt Limitation Base	<u>\$157,591,261</u>

Debt Margin

Debt Limitation by Purpose						Pension Deficit	Total
	General Purpose	Schools	Sewers	Urban Renewal	Funding		
2.25 x base	\$ 354,580,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 354,580,337
4.50 x base	-	709,160,675	-	-	-	-	709,160,675
3.75 x base	-	-	590,967,229	-	-	-	590,967,229
3.25 x base	-	-	-	512,171,598	-	-	512,171,598
3.00 x base	-	-	-	-	472,773,783	-	472,773,783
Total debt limitation	\$ 354,580,337	\$ 709,160,675	\$ 590,967,229	\$ 512,171,598	\$ 472,773,783	\$ -	\$ 2,639,653,622
Less indebtedness:							
This issue	\$ 11,000,000	\$ 4,545,000	\$ -	\$ -	\$ -	\$ -	\$ 15,545,000
Notes outstanding	11,286,500	6,673,500	-	-	-	-	17,960,000
Bonds payable	95,150,793	26,479,207	-	-	-	125,000,000	246,630,000
Bonds authorized but unissued	-	-	-	-	-	-	-
Total net indebtedness	\$ 117,437,293	\$ 37,697,707	\$ -	\$ -	\$ 125,000,000	\$ -	\$ 280,135,000
Less school construction grants receivable							
	\$ -	\$ 5,040,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total net indebtedness.....	\$ 117,437,293	\$ 32,657,707	\$ -	\$ -	\$ 125,000,000	\$ -	\$ 280,135,000
Debt limitation in excess of outstanding and authorized debt.....							
	\$ 237,143,044	\$ 676,502,968	\$ 590,967,229	\$ 512,171,598	\$ 347,773,783	\$ -	\$ 2,359,518,622

The General Statutes require that in no event shall the total debt for the Town of Hamden exceed seven (7) times the annual receipts from taxation. Maximum debt for the Town of Hamden under this formula is \$1,103,138,827

**Authorized but Unissued Debt
As of June 17, 2015
(Pro Forma)**

The Town does not have any authorized but unissued debt.

**Current Debt Statement
As of June 17, 2015
(Pro Forma)**

Bonded debt	
General Purpose (Includes This Issue)	\$100,185,793
Schools (Includes This Issue)	36,989,207
Pensions	125,000,000
Sewers	-
Total long-term bonded debt	<u>262,175,000</u>
Short-term debt	<u>17,960,000</u>
Direct debt	280,135,000
Less school construction grants receivable	<u>5,040,000</u>
Net direct debt	<u>275,095,000</u>
Overlapping/underlying debt	-
Total overall net debt	<u>\$275,095,000</u>

**Current Debt Ratios
As of June 17, 2015
(Pro Forma)**

Population, 2013 ¹	61,468
Per capita income, 2013 ²	\$32,489
Net taxable grand list, 10/1/14	\$4,075,941,312
Estimated full value (70%)	\$5,822,773,303
Equalized net grand list (2012) ³	\$5,513,135,592

	<u>Direct Debt</u>	<u>Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	<u>\$278,570,000</u>	<u>\$273,530,000</u>	<u>\$273,530,000</u>
Per capita	\$4,557.41	\$4,475.42	\$4,475.42
To net taxable grand list	6.87%	6.75%	6.75%
To estimated full value	4.81%	4.72%	4.72%
To equalized net grand list	5.08%	4.99%	4.99%
Ratio of debt per capita to per capita income	14.03%	13.78%	13.78%

^{1, 2} 2009–2013 American Community Survey.

³ State of Connecticut, Office of Policy and Management.

Five-year Debt Statement Summary

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Population ¹	61,468	61,468	60,690	60,960	60,960
Net taxable grand list	\$4,061,234,523	\$4,048,766,372	\$4,022,854,466	\$4,310,212,858	\$4,306,772,827
Estimated full value	\$5,801,763,604	\$5,783,951,960	\$5,746,934,951	\$6,157,446,940	\$6,152,532,610
Equalized net taxable grand list	\$5,513,135,592	\$5,517,481,552	\$5,754,354,481	\$6,106,840,331	\$6,351,601,147
Per capita income ¹	\$ 32,489	\$ 32,489	\$ 32,489	\$ 34,596	\$ 34,596
Long-term debt	\$119,040,000	\$129,975,000	\$118,350,000	\$ 94,295,000	\$ 94,295,000
Short-term debt	<u>\$ 28,905,000</u>	<u>\$ 26,405,000</u>	<u>\$ 25,775,000</u>	<u>\$ 51,725,000</u>	<u>\$ 30,765,000</u>
Total overall debt	\$147,945,000	\$156,380,000	\$144,125,000	\$146,020,000	\$125,060,000

¹2009–2013 American Community Survey for years 2013 - 2014;

Five-year Debt Statement Summary Ratios

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Overall debt					
Per capita	\$2,406.86	\$2,544.09	\$2,374.72	\$2,395.34	\$2,051.51
To net taxable grand list	3.64%	3.86%	3.58%	3.39%	2.90%
To estimated full value	2.55%	2.70%	2.51%	2.37%	2.03%
To equalized net taxable grand list	2.68%	2.83%	2.50%	2.39%	1.97%
Debt per capita to per capita income	7.41%	7.83%	7.22%	6.92%	5.93%

Comparison of Annual Debt Service to General Fund Expenditures

<u>Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Debt Service as Ratio to Total Expenditures</u>
2014	\$16,213,367	\$207,944,644	7.80%
2013	16,280,508	201,069,301	8.10
2012	15,140,304	189,196,483	8.00
2011	4,333,809	184,639,339	2.35
2010	13,693,306	181,852,150	7.53
2009	13,100,902	182,082,330	7.20
2008	13,491,417	176,573,319	7.64

Authority to Incur Debt

The Town of Hamden 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.

V – Financial Section

Taxable Grand List (\$ in thousands)

Grand List 10/1	Residential Real Property Percent	Commercial and Industrial Real Property Percent	Other Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2014	68.71%	19.65%	–	3.98%	7.66%	\$4,126,932	\$50,991	\$4,075,941	.07%
2013* ..	68.75	19.67	–	3.94	7.64	4,124,008	50,982	4,073,026	.29
2012	68.91	19.61	–	3.90	7.57	4,111,323	50,089	4,061,234	.30
2011	69.09	19.53	–	3.76	7.62	4,101,879	53,113	4,048,766	.64
2010	69.53	19.46	–	3.76	7.25	4,078,676	55,838	4,022,854	(7.15)
2009	72.84	16.99	–	3.62	6.55	4,355,185	44,520	4,310,665	.08
2008	73.10	16.70	–	3.60	6.60	4,349,444	42,671	4,306,773	(.08)
2007	73.00	16.80	–	3.20	7.00	4,351,943	41,640	4,310,303	1.09
2006	73.50	16.60	–	3.00	6.90	4,305,822	41,895	4,263,927	–

Date of last general revaluation, 10/1/2010.

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

Major Taxpayers

<u>Name</u>	<u>Business</u>	<u>Taxable Valuation As of 10/1/14</u>	<u>Percent of Net Taxable Grand List</u>
Baker Hamden LLC	Apartments	\$59,938,520	1.47%
Whitney Center.....	Elderly health care facility	37,874,680	0.93
Hamden Developers LLC.....	Apartments	34,615,210	0.85
Fairfield Apple Hill LP.....	Apartments	32,386,900	0.80
Sermonte Associates.....	Apartments	22,519,140	0.55
2335 Rte 10 Hamden-CT Inc.....	Retail	22,050,000	0.54
United Illuminating	Utility	21,377,820	0.53
MC Corporation	Retail	19,950,000	0.49
Hamden Plaza Associates.....	Apartments	14,840,000	0.36
Davenport Residence Inc.....	Apartments	14,210,260	0.35
Total		\$279,762,530	6.87%

Net Taxable Grand List for 10/1/14: \$4,075,941,312.

Tax Collections

Fiscal Year Ended 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 6/30/14
2015 (budgeted)	39.93	\$163,325,203	n/a	n/a	n/a
2014	38.94	157,577,658	98.4%	1.6%	1.60%
2013	37.14	150,149,003	98.5	1.5	0.60
2012	34.77	138,966,450	98.9	1.1	0.70
2011	31.16	133,375,296	98.5	1.5	0.40
2010	29.41	126,148,748	98.4	1.6	0.20
2009	29.42	126,857,937	98.5	1.5	–
2008	29.10	124,608,733	98.9	1.1	–
2007	27.95	118,310,721	98.9	1.1	–

Property Taxes Revenues

The Town’s budget for fiscal year 2014–15 derives 77.14% of its annual revenues through a direct property tax. The following table summarizes recent tax revenues as a percentage of total revenue.

<u>Fiscal Year Ended June 30</u>	<u>Tax Revenues as % of Total Revenues</u>
2014	76.95%
2013	76.87
2012	75.66
2011	75.21
2010	69.57
2009	71.03
2008	73.31
2007	73.86

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, 2010 through 2014. The Town has provided budgetary information for fiscal year 2014-15 on the following page. 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

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10
Assets					
Cash and cash equivalents	\$24,543,152	\$26,780,644	\$21,263,770	\$25,111,264	\$16,742,544
Receivables:					
Property taxes.....	-	-	4,534,255	4,111,497	4,489,138
Intergovernmental	9,062,295	11,803,117	8,451,679	11,058,862	12,056,110
Other	-	-	-	-	-
Due from other funds	<u>3,065,406</u>	<u>2,653,585</u>	<u>3,284,981</u>	<u>2,524,970</u>	<u>11,137,940</u>
Total assets	36,670,854	41,237,347	37,534,685	42,806,593	44,425,732
Liabilities and fund equity Liabilities					
Accounts and other payables	1,989,541	7,882,924	7,492,382	7,423,652	8,064,139
Unearned revenues	8,473,789	8,282,451	1,404,069	1,476,464	1,926,045
Deferred revenue	-	-	10,453,059	11,700,316	12,820,778
Due to other funds	21,428,997	22,112,634	16,990,184	21,648,597	21,040,095
Payments in Advance	<u>2,561,187</u>	<u>1,270,268</u>	-	-	-
Total liabilities	34,453,114	39,548,277	36,339,694	42,249,029	43,851,057
Fund equity					
Unassigned	2,215,205	1,687,935	1,194,991	557,564	-
Assigned	1,135	1,135	-	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for subsequent year's budget	-	-	-	-	-
Unreserved and undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,675</u>
General Fund equity	<u>2,217,340</u>	<u>1,689,070</u>	<u>1,194,991</u>	<u>557,564</u>	<u>574,675</u>
Total liabilities and fund equity	\$36,670,854	\$41,237,347	\$37,534,685	\$42,806,593	\$44,425,732
Operating revenues	\$208,952,934	\$200,852,851	\$188,285,326	\$183,436,468	\$173,070,065
Fund balance as percent of operating revenues	1.06%	0.84%	0.63%	0.30%	0.33%
Undesignated fund balance as percent of operating revenues	1.06%	0.84%	0.63%	0.30%	0.33%

Adopted Budget for Fiscal 2014-15 and Fiscal Year 2013-14 Adopted Budget and Audit

	<u>2013-14</u> <u>Audited</u>	<u>2014-15</u> <u>Adopted Budget</u>	<u>2014-15</u> <u>Projections</u>	<u>2015-16</u> <u>Council Adopted</u>
Revenues				
Taxes	\$157,520,523	\$163,325,203	\$161,645,588	\$167,587,504
Intergovernmental	34,386,917	32,313,485	32,313,485	32,188,466
Departmental revenues	<u>6,758,603</u>	<u>11,135,918</u>	<u>7,311,186</u>	<u>11,759,969</u>
Total revenues	\$198,666,043	\$206,774,606	\$201,270,259	\$211,535,939
Expenditures				
General government	\$ 9,876,460	\$ 10,049,652	\$ 7,905,925	\$ 10,457,621
Public safety	24,291,467	27,189,380	25,826,008	27,199,776
Public works	12,000,310	11,673,664	11,641,518	11,620,753
Culture and recreation	2,560,646	2,820,797	2,698,202	2,951,249
Health and welfare	1,617,268	1,707,102	1,654,049	1,778,500
Employee benefits	49,684,877	56,799,250	55,127,275	55,663,553
Debt service	16,693,367	14,884,761	14,183,868	19,743,862
Board of Education	<u>81,413,378</u>	<u>81,650,000</u>	<u>81,650,000</u>	<u>82,120,625</u>
Total expenditures	\$198,137,773	\$206,774,606	\$200,686,846	\$211,535,939
Excess of revenues over expenditures	\$528,270		\$583,413	

Based on audited results the fund balance for June 30, 2014 totals \$2,217,340 and unassigned fund balance totals \$2,215,205.

	<u>6/30/13</u> <u>Actuals</u>	<u>6/30/14</u> <u>Actuals</u>
Total fund balance as percent of operating revenues	0.84%	1.06%
Unassigned fund balance as % operating revenues	0.84%	1.06%

(Remainder of page intentionally left blank)

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

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Revenues					
Property taxes	\$157,520,523	\$149,054,322	\$139,969,770	\$133,437,247	\$125,961,736
Licenses, permits and fees	-	-	1,850,190	1,731,085	2,893,495
Intergovernmental	43,373,808	45,338,028	42,518,172	44,696,470	40,619,842
Charges for services	5,054,413	5,589,997	3,049,056	3,113,930	2,915,983
Investment income	79,206	81,423	57,819	146,992	181,966
Proceeds from sale of land	-	-	-	-	-
Other revenues	<u>2,924,984</u>	<u>789,081</u>	<u>840,319</u>	<u>310,744</u>	<u>497,043</u>
Total revenues	208,952,934	200,852,851	188,285,326	183,436,468	173,070,065
Expenditures					
Education	91,700,269	91,359,833	87,773,548	78,356,902	83,759,620
General government	9,876,460	8,944,860	8,784,999	8,415,453	8,486,693
Public safety	24,291,467	23,816,313	22,832,084	22,998	21,353,567
Public works	12,000,310	12,509,676	12,612,013	12,132,659	10,972,530
Health and welfare	1,617,268	-	1,674,518	1,397,367	1,373,735
Culture and recreation	2,560,646	2,534,291	2,646,040	2,645,461	3,633,624
Employee benefits	-	-	37,534,036	47,640,667	38,579,075
Other	49,684,877	44,031,488	-	-	-
Capital outlay	-	-	-	-	179,222
Debt service	<u>16,213,367</u>	<u>16,280,508</u>	<u>15,339,245</u>	<u>4,333,809</u>	<u>13,514,084</u>
Total expenditures	207,944,664	201,069,301	189,196,483	184,639,339	181,852,150
Excess (deficiency) of revenues over (under) expenditures	1,008,270	(216,450)	(911,157)	(1,202,871)	(8,782,085)
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	-	179,222
Refunding bond proceeds	-	-	13,150,000	-	12,680,000
Bond premium	-	866,158	1,376,614	741,219	656,765
Payments to escrow agent	-	-	(13,565,557)	-	(13,081,300)
Operating transfers in	-	398,562	587,527	205,912	297,304
Operating transfers out	<u>(480,000)</u>	<u>(544,191)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	(480,000)	710,529	1,548,584	947,131	731,991
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing sources (uses)	528,270	494,079	637,427	(255,740)	(8,050,094)
Fund balance, beginning	<u>1,689,070</u>	<u>1,194,991</u>	<u>557,564</u>	<u>813,304¹</u>	<u>8,624,769</u>
Fund balance, ending	\$2,217,340	\$1,689,070	\$1,194,991	\$ 557,564	\$ 574,675
¹ Reclassified.					
Fund balance as percent of operating revenues	1.06%	0.84%	0.63%	0.30%	0.33%
Unassigned fund balance as percent of operating revenues	1.06%	0.84%	0.63%	0.30%	0.33%

**Explanation of Audited Financial Results
June 30, 2010 – June 30, 2014**

The Town ended fiscal year 2009-10 with a General Fund operating deficit of approximately \$8 million driven by roughly \$8.5 million of revenue shortfalls including tax collections (\$763,000), intergovernmental grants (\$3.45 million), licenses and building permits (\$1.7 million) and charges for services (\$1.2 million). The general state of the economy played a large part of the negative variances for these revenues sources.

Although initial results for fiscal year 2010-11 showed a surplus of \$1.2 million, information received after the close of the year regarding higher than projected special education costs negated that surplus. To prevent a recurrence of this circumstance, the Town and Board of Education jointly approved a resolution for the handling of Special Education revenue and expenditures. Final results for fiscal year 2010-11 showed an operating deficit of \$256,000 in the General Fund.

In fiscal year 2011-12, the Town increased taxes by 11.5% and continued its 100% medical self-insurance operating budget funding, again conducting departmental reorganization and negotiating a concession package with all but one Town bargaining unit that resulted in operating savings of approximately \$1.5 million. Final results for fiscal year 2011-12 showed an operating surplus of \$637,427, which increased the General Fund Balance from \$557,564 to \$1,194,991.

The fiscal year 2012-13 budget was structurally balanced and did not incorporate any use of fund balance. The fiscal year 2012-2013 budget increased taxes by 6.8% or \$10.7 million. About \$6.3 million was budgeted to increase the contribution to the town’s pension plan, \$2 million for increase in medical costs, \$1 million for additional education costs and \$1.2 million for additional debt service. The Town ended fiscal year 2012-13 with an operating surplus of \$494,079 with a positive variance of approximately \$2.4 million on the expense side.

The Town ended fiscal year 2013-14 with an operating surplus of \$528,270, primarily due to conservative budgeting.

The adopted fiscal year 2014-15 budget totaled approximately \$208 million and did not include the use of fund balance. The Town is budgeting more conservatively and any one time revenues (which are not currently budgeted for) such as a possible debt refinancing, FEMA grants for prior storms, special education state assistance and any additional costs savings will be used to bolster the General Fund balance.

Intergovernmental Revenues as a Percent of General Fund Revenues

<u>Fiscal Year Ended June 30</u>	<u>Intergovernmental Revenues</u>	<u>General Fund Revenues</u>	<u>Percent</u>
2014	\$43,373,808	\$208,952,934	20.8%
2013	45,338,028	200,852,851	22.6
2012	42,518,172	188,285,326	22.6
2011	44,696,470	183,436,468	24.4
2010	40,619,842	173,070,065	23.5

Capital Improvement Program

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General government	\$ 2,540,750	\$5,340,000	\$2,116,000	\$1,780,000	\$2,035,000	\$1,760,000
Public safety	1,026,000	1,187,500	880,500	230,000	330,000	240,000
Public works	7,469,000	4,417,000	4,120,000	3,674,000	3,445,000	4,020,000
Culture and recreation	4,411,250	135,000	190,000	195,000	200,000	200,000
Education	<u>2,468,500</u>	<u>410,000</u>	<u>870,000</u>	<u>470,000</u>	<u>3,100,000</u>	<u>325,000</u>
Total uses	\$17,915,000	\$11,489,500	\$8,176,500	\$6,349,000	\$9,110,000	\$6,545,000

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

Future Debt Issuance Plans

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

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:

<i>On or About</i>	<i>Action</i>
By February 23	Departments, offices, 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 days 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 of Hamden, 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 of Hamden completed its last revaluation on the Grand List of October 1, 2010. A physical revaluation is required every ten years with five-year revaluation updates in between physical revaluations. The next revaluation, which will be a statistical revaluation, is scheduled for October 1, 2015.

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.

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 Levy and Collection

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.

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

General

The Town maintains the Employees Retirement Plan of the Town of Hamden (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 Employees Retirement 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, 2014, the date of the most recent valuation, 737 retired participants and beneficiaries, 24 vested former participants and 437 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 11.98% and 16.01% of participants pay to CMERS for Service and Guardian employees, respectively; these rates will change to 11.38% and 14.98% for the fiscal year ending June 30, 2016. CMERS does not provide unfunded information for participating employers, but the Town’s estimated unfunded liability to CMERS was approximately \$0.5 million as of June 30, 2014.

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

<u><i>Fiscal Year Ended 6/30</i></u>	<u><i>Plan</i></u>	<u><i>CMERS</i></u>	<u><i>Total</i></u>
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 (budgeted*).....	14,768,025	1,700,000	15,450,000

*Pursuant to the Pension Statute, upon 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 fifty percent (50%) of the ARC, or \$14,768,025, for fiscal 2015. The Town budgeted \$13,750,000, but will transfer monies from elsewhere in the budget to provide for the deficiency.

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

Actuarial valuations of the Town’s Retirement Plan are performed as of July 1 of each even-numbered year. 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, 2014 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 November 5, 2014.

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, 2014 actuarial valuation, there were 437 active participants with an average age of 50.2, average credited service of 15.2 years and average salary of \$67,156. The 509 active participants in the July 1, 2012 actuarial valuation had an average age of 49.7, average service of 14.3 years and average salary of \$61,378. There were 24 participants with a vested right to a deferred or immediate vested benefit as of July 1, 2014, and 30 as of July 1, 2012. In the July 1, 2014 actuarial valuation, there were 618 retired participants and 119 beneficiaries receiving total monthly benefits of \$2,005,700. For comparison, in the July 1, 2012 actuarial valuation, there were 582 retired participants and 122 beneficiaries receiving monthly benefits of \$1,815,037. The retired participant count in the July 1, 2014 actuarial valuation includes 89 participants receiving a disability pension. For the July 1, 2012 actuarial valuation, there were 93 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 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, Hamden 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.

Two-Year Period Ending June 30	Actuarial Accrued Liability (AAL)	Investment Gain/(Loss)		Non-Investment Gain/(Loss)		Total Actuarial Gain/(Loss)	
		Amount (in \$)	% of AAL	Amount (in \$)	% of AAL	Amount (in \$)	% of AAL
2008	\$303,003,978	-\$45,497	-0.01%	\$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	354,340,053	-7,028,682	-1.98%	-6,804,497	-1.92%	-13,833,179	-3.90%
2014	447,308,364	943,270	0.21%	-2,736,035	-0.61%	-1,792,765	-0.40%

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, 2014.

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

<u>Fiscal Year Ended June 30</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Net Investment Income</u>	<u>Administrative Expenses</u>	<u>Benefit Payments</u>	<u>Actuarial Value of Assets at End of Year</u>
2006	\$ 6,000,000	\$1,682,639	\$7,127,032	\$100,000	\$14,536,404	\$82,772,985
2007	9,000,000	1,741,369	7,520,911	83,441	16,883,475	84,069,349
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	49,822,768
2014	12,500,000	2,181,831	5,916,442	76,352	23,582,140	46,762,549

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 and to 7.50% of pay on July 1, 2014. The rate is scheduled to increase to 7.75% effective July 1, 2015 and to 8.00% effective July 1, 2016.

In addition to Town and employee contributions, the Town issued its 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) 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 is 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 Bonds pursuant to the Pension Statute; pursuant to the Pension Statute, the 30-year amortization period is fixed from the date of issuance of the Bonds and will decline in the future.

The Town has 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, 2004 through June 30, 2014 are shown below. The anticipated Town contribution and the Actuarially Recommended Contribution for plan year beginning June 30, 2015 is also shown.

<u>Plan Year Ending</u>	<u>Town Contribution</u>	<u>Actuarially Recommended Contribution ("ARC")</u>	<u>Percent of ARC Contributed</u>
June 30, 2004.....	\$ 1,000,000	\$10,660,385	9.4%
June 30, 2005.....	3,000,000	13,287,374	22.6
June 30, 2006.....	6,000,000	13,951,743	43.0
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

*Pursuant to the Pension Statute, upon 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 fifty percent (50%) of the ARC, or \$14,768,025, for fiscal 2015. The Town budgeted \$13,750,000, but will transfer monies from elsewhere in the budget to provide for the deficiency.

Actuarial valuations have historically been performed as of July 1 of each even-numbered year and will be conducted annually beginning July 1, 2014. 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 2008 to 2014 valuations.

	<u>July 1st</u>						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarial accrued liability.....	\$303,003,978	N/A*	\$323,748,595	N/A*	\$419,266,994	N/A*	\$452,501,230
Actuarial value of assets.....	<u>85,832,527</u>	<u>\$78,884,991</u>	<u>81,352,519</u>	<u>\$73,312,537</u>	<u>58,842,127</u>	<u>\$49,822,768</u>	<u>46,762,549</u>
Unfunded accrued liability.....	217,171,451	N/A*	242,395,076	N/A*	360,424,867	N/A*	405,738,681
Actuarial recommended contribution.....	\$18,292,235	\$18,911,433	\$19,088,623	\$19,850,851	\$27,145,128	\$27,688,031	\$29,536,050
Market value of assets.....	\$81,058,324	\$65,737,492	\$71,239,987	\$73,417,997	\$57,919,838	\$52,092,655	\$50,112,795
Funded ratio (actuarial value)	28.33%	N/A*	25.13%	N/A*	14.03%	N/A*	10.33%
Funded ratio (market value).....	26.75%	N/A*	22.00%	N/A*	13.81%	N/A*	11.08%
Ratio of actuarial value of assets to market value of assets	105.9%	120.0%	114.2%	99.9%	101.6%	95.6%	93.3%

*Information not available; actuarial valuations not completed in odd-numbered years.

In addition to Town and employee contributions, the Town issued its 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) 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" below.

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 Financial 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 \$12.5 million to the Plan in fiscal year 2013-14 and the Town has budgeted \$13.75 million for fiscal year 2014-15, but pursuant to state law, will contribute \$14,768,025 to the plan. In addition, the Town has budgeted \$3.4 million for the projected initial interest payment for the pension bonds. And an additional \$1.7 million is included for CMERS. This is the largest one-year increase in pension funding in the history of the Town. To start addressing the extraordinary cost of the COLA, the Mayor implemented a provision of the Town of Hamden Retirement Ordinance that reduces the COLA payments to retirees from the 3% which had been given annually to an inflation-based COLA equal to 1.59% for 2013 and 1.58% for 2014. 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. (If the Town had paid COLAs on this basis for the last ten years, the average annual adjustment would have been 2.3% rather than 3.0%.)

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 Pension Statute, if the Town issues pension deficit funding bonds prior to June 30, 2015, 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 2015-16, the Town has budgeted a contribution to the Plan of \$14,000,000, which is \$1,700,000 in excess of the amount required by the Town Pension Act.

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.

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, including the deposit of approximately \$122 million of proceeds from the Town's 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable), 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				

Town's Six Year Financial Plan

Detailed below is the six year financial projection prepared by the Town as submitted to the Secretary and Treasurer on November 5, 2014, that illustrates the Town's plans to ramp up the annual ARC contribution over the next five (5) fiscal years to 100% of the actuarially recommended contribution. The analysis includes the projected revenues and expenses, including a projected \$500,000 operating surplus each year to add to fund balance. The Town's annual mill rate impact is projected to average between 1 and 2 mills each fiscal year.

TOWN OF HAMDEN SIX YEAR FINANCIAL PLAN FOR FISCAL YEARS 2012 - 2020									
Updated Update with 15-16 Budget Numbers									
5/12/2015									
Current Benefits Scenario with Ramp Up ARC									
	AUDITED ACTUALS FY 2012	AUDITED ACTUALS FY13	UNAUDITED ACTUALS FY14	FY 15 COUNCIL ADOPTED BUDGET	FY 16 COUNCIL ADOPTED BUDGET	FY 17 6 YR PLAN	FY 18 6 YR PLAN	FY 19 6 YR PLAN	FY 20 6 YR PLAN
REVENUE									
Property Taxes	139,969,770	149,054,302	157,520,523	163,325,203	167,587,504	176,322,933	184,509,652	195,692,430	203,278,846
Licenses, permits and fees	1,772,572	2,159,498	2,583,150	5,857,910	6,050,862	6,050,862	6,050,862	6,050,862	6,050,862
Intergovernmental	32,827,551	34,540,374	33,086,917	33,281,643	33,309,766	33,241,766	33,241,766	33,241,766	33,241,766
Charges for services	2,864,268	3,394,893	2,471,264	1,143,450	973,707	973,707	973,707	973,707	973,707
Investment income	57,819	81,423	79,206	60,000	90,000	90,000	90,000	90,000	90,000
Other revenues	1,860,495	892,186	2,694,667	1,734,900	2,252,600	2,052,600	2,052,600	2,052,600	2,052,600
Other financing sources	1,349,643	1,161,911	230,319	1,371,500	1,271,500	1,271,500	1,271,500	1,271,500	1,271,500
Total Revenues	180,702,116	191,284,587	198,666,046	206,774,606	211,535,939	220,003,368	228,190,087	239,372,865	246,959,281
EXPENDITURES									
Education	79,103,548	80,288,789	81,393,290	81,650,000	83,120,625	83,951,831	84,791,350	85,639,263	86,495,656
General government	8,312,140	8,944,887	9,876,458	10,049,652	10,457,621	10,708,398	10,965,183	11,228,151	11,497,420
Public safety	22,840,809	23,816,315	24,291,467	27,189,380	27,199,776	27,852,571	28,521,032	29,205,537	29,906,470
Public works	12,172,899	12,509,675	12,000,310	11,673,864	11,620,753	11,899,651	12,185,243	12,477,889	12,777,153
Health and welfare	1,625,223	1,592,332	1,617,269	1,707,102	1,778,500	1,821,184	1,864,892	1,909,650	1,955,481
Culture and recreation	2,625,032	2,534,290	2,560,648	2,820,797	2,951,249	3,022,079	3,094,609	3,168,879	3,244,933
Employee benefits	33,847,948	33,768,014	36,074,411	37,949,250	38,663,553	40,499,049	42,423,975	44,442,746	46,559,999
Subtotal	160,424,599	163,454,302	167,813,853	173,039,845	175,792,077	179,754,762	183,846,293	188,071,915	192,437,111
Town Pension	3,040,000	9,340,000	12,500,000	13,750,000	14,000,000	16,100,000	18,900,000	24,100,000	26,200,000
CMERS	636,284	923,474	1,110,466	1,700,000	1,900,000	2,100,000	2,500,000	2,900,000	3,300,000
401K	0	0	0	0	100,000	0	0	0	0
Subtotal Pension Contributions	3,676,284	10,263,474	13,610,466	15,450,000	16,000,000	18,200,000	21,400,000	27,000,000	29,500,000
Existing Capital Debt - Principal	10,005,000	11,139,000	11,415,000	9,053,425	8,735,000	8,470,000	10,695,000	9,465,000	9,355,000
Fund Balance Contingency	0	0	0	0	0	0	500,000	500,000	500,000
Existing Capital Debt - Interest	5,135,304	5,731,508	5,278,367	5,831,336	5,363,458	4,022,779	3,659,188	3,259,544	2,878,488
Proposed Restructuring/Refunding Savings	0	0	0	0	0	-1,004,473	-3,003,594	-1,026,294	-566,118
Debt Service - Pension Bonds	0	0	0	3,400,000	5,645,404	8,270,000	8,270,000	8,270,000	8,270,000
New Debt Service - Capital	0	0	0	0	0	1,290,300	2,323,200	3,332,700	4,084,800
Subtotal Debt Service	15,140,304	16,870,508	16,693,367	18,284,761	19,743,862	21,548,606	22,443,794	23,800,950	24,522,170
Total expenditures	179,241,187	190,588,284	198,117,686	206,774,606	211,535,939	219,503,368	227,690,087	238,872,865	246,459,281
Surplus - (Deficit)	1,460,931	696,303	548,360	0	0	500,000	500,000	500,000	500,000
Mill Rate			38.94	39.93	40.87	42.78	44.66	47.27	48.97
Increase in Mill Rate				0.99	0.94	1.91	1.88	2.61	1.71

*Pursuant to the Pension Statute, upon 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 fifty percent (50%) of the ARC, or \$14,768,025, for fiscal 2015. The Town budgeted \$13,750,000, but will transfer monies from elsewhere in the budget to provide for the deficiency.

The Town is using a 30-year amortization schedule to determine its ARC for funding the Retirement Plan. Pursuant to the Pension Statute, in the event the funding ratio of the Retirement Plan, as determined immediately succeeding the deposit of the proceeds of the Town's 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) in the Retirement Plan, 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 Town's 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable), 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 Town's 2015 General Obligation Bonds, Issue of 2015 (Federally Taxable) are outstanding.

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.

The revised asset allocation is a slight shift from the current posture. 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:

<u>Asset Class</u>	<u>Current Allocation</u>	<u>Revised Target Allocation</u>
Large Cap Equity	25.8%	20%
SMID Cap Core Equity	14.7%	10%
International Equity	15.5%	10%
Real Estate	4.8%	10%
Global Tactical Asset Allocation	0.0%	10%
Broad Market Bonds	38.7%	40%
Cash	0.5%	0%
Total.....	100.0%	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%.

<i>Year Ended June 30</i>	<i>Market Return</i>	<i>Year Ended</i>	<i>Market Return</i>
1995	14.50%	2005	9.38%
1996	15.95%	2006	9.01%
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%

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. The Actuary has worked with the Town and their auditor to provide the necessary GASB 67 disclosures in the audited financial statements for the year ended June 30, 2014 attached as Appendix A to this Official Statement.

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 Hamden, \$125 million in pension deficit funding bonds was 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 Section 219 of Public Act 14-217, 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%. The pension deficit funding bonds are expected to increase this percentage to approximately 39%.

For further description of the Town’s pension plans, see Appendix A – “Auditor’s Section, Notes to Financial Statements, Note 9”. Also additional pension information including the Town’s July 1, 2014 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, 2014 the Town’s plan consisted of 1,241 retirees and 843 active plan participants. 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 and 2012–13, the Town’s pay-as-you-go cost was \$33,055,026 and \$33,920,115, respectively. The Town’s pay-as-you-go cost for fiscal year 2013–14 was \$34,884,722. The Town’s budgeted pay-as-you-go cost for fiscal year 2014–15 is \$34,567,833.

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

	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
6/30/15 (budgeted)	\$34,567,833	n/a	n/a
6/30/14	34,884,722	\$17,669,283	50.7%
6/30/13	33,920,115	14,696,649	43.3
6/30/12	33,055,026	15,847,243	47.9
6/30/11	30,937,360	12,330,071	39.9
6/30/10	30,193,936	11,051,962	36.6
6/30/09	33,659,975	11,653,382	34.6
6/30/08	32,365,361	5,718,502	17.6

Schedule of OPEB Funding Progress

<u>Actuarial Valuation Date</u>	<u>Fiscal Year End</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability ("AAL")</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>
07/01/14	06/30/15	\$100,000	\$451,966,876	\$451,866,876	—
07/01/13	06/30/14	—	—	—	—
07/01/12	06/30/13	—	439,980,586	439,980,586	—
07/01/11	06/30/12	—	—	—	—
07/01/10	06/30/11	—	—	—	—
07/01/09	06/30/10	—	344,724,721	344,724,721	—
07/01/08	06/30/09	—	366,234,442	366,234,442	—

No actuarial valuation was completed for 7/1/10 or 7/1/11. For fiscal year 2013–14 the Town has determined a retiree medical insurance contribution to be funded directly to a newly established OPEB Trust Fund with retiree medical claims being paid from the trust fund. The Town setup the OPEB trust fund in June 2014 and deposited \$100,000 in fiscal year 2013-14. \$100,000 is budgeted for fiscal year 2014-15.

(Remainder of page intentionally left blank)

VII. Legal and Other Information

Litigation

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

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

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

Transcript and Closing Documents

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

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

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

Concluding Statement

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

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

Additional information may be obtained from Salvatore DeCola, Director of Finance, Town of Hamden, 2750 Dixwell Avenue, Hamden, Connecticut 06518, and telephone number (203) 287-7010. This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF HAMDEN, CONNECTICUT

/s/ Curt Balzano Leng

Curt Balzano Leng, *Mayor*

/s/ Salvatore DeCola

Salvatore DeCola, *Director of Finance*

Dated: June 3, 2015

(This page intentionally left blank)

Appendix A

2014 Basic Financial Statements

The following includes the Basic Financial Statements of the Town of Hamden, Connecticut for the fiscal year ended June 30, 2014. The supplemental data, which was a part of that report, has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

(This page intentionally left blank)



LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

INDEPENDENT AUDITOR'S REPORT

Legislative Council
Town of Hamden, Connecticut
Hamden CT 06514

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, 2014, 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 activities of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2014, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3a through 3g and the pension and other post employment benefit information provided on RSI-1 through RSI-4 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 standard 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 schedules are presented for additional analysis and are not a required part of the basic financial statements.

The combining 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 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 January 28, 2015 on our consideration of the Town of Hamden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Hamden, Connecticut's internal control over financial reporting and compliance.



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

January 28, 2015

Town of Hamden, Connecticut Management's Discussion and Analysis June 30, 2014

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, 2014. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the liabilities of the Town of Hamden exceeded its assets, resulting in a total net position on June 30, 2014, of (\$230,752,294). The increase in deficit from FY2013 concerns primarily liabilities associated with pension and other post-employment benefits.
- On a government-wide basis, during the year, the Town's net position decreased by \$31,839,012 compared to a \$40,450,181 decrease in 2013.
- At the close of the year, the Town of Hamden's combined governmental funds, on a current financial resources basis, had a fund balance deficit of \$9,448,274, a decrease of \$12,992,768 from the prior fiscal year fund balance of \$3,544,494. The capital expenditures on the bonded projects totaling \$15,716,512 resulted in this deficit. Approximately \$27,523,425 of bond anticipation notes are expected to be funded in the future.
- At the end of the 2014 fiscal year, the total fund balance for the General Fund alone was \$2,217,340, an increase of \$528,270 from the prior fiscal year. The total General Fund balance at year-end represents 1.07% of the total General Fund expenditures of \$207,944,664 for the fiscal year ending June 30, 2014.
- The Town of Hamden's total long-term bonded indebtedness decreased by \$10,935,000 during the current fiscal year to \$119,040,000 through general fund payments and refunding of debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hamden's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Hamden's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Hamden governmental activities liabilities exceeded assets by \$230,752,294 on June 30, 2014. The growth in the deficit from FY2014 to FY2013 concerns primarily liabilities associated with pension and other post-employment benefits.

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

	June 30, 2014	June 30, 2013
Current and other assets	\$ 39,281,797	43,617,424
Deferred outflows on resources	600,839	
Capital assets	252,774,701	249,949,352
Total assets and deferred outflows on resources	\$ 292,657,337	293,566,776
Other liabilities	\$ 37,981,356	31,774,704
Deferred inflows on resources	3,866,814	
Long-term liabilities	481,561,461	460,705,354
Total liabilities and deferred inflows on resources	\$ 523,409,631	492,480,058
Net assets (deficit):		
Investment in capital assets - net of related debt	\$ 130,581,284	114,791,519
Restricted	10,877	9,413
Unrestricted (deficit)	(361,344,455)	(313,714,214)
Total net assets (deficit)	\$ (230,752,294)	(198,913,282)

By far the largest portion of the Town of Hamden's net assets (deficit) reflects its investment in capital assets (such as land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding and the unrestricted deficit position related to the net retirement obligations. In accordance with new reporting standards deferred outflows and inflows of resources were separated for 2014.

Town of Hamden, Connecticut
Summary Statement of Activities

	June 30, 2014	June 30, 2013
Operating Revenues:		
Charges for services	\$ 6,517,442	\$ 6,800,005
Operating grants and contributions	46,275,584	44,206,414
Capital grants and contributions	1,701,590	1,608,539
 General revenues:		
Property taxes	159,222,981	148,598,770
Grants not restricted to specific purposes	6,775,474	8,084,101
Unrestricted investment earnings	79,206	81,423
Miscellaneous	753,440	887,317
Bond premiums		
Total revenues	\$ 221,325,717	\$ 210,266,569
 Expenses:		
General government	\$ 15,741,544	\$ 17,970,793
Education	154,284,108	149,599,746
Public safety	37,599,665	40,088,683
Public works	31,722,982	27,647,569
Health and welfare	3,195,578	3,445,439
Culture and recreation	4,083,994	4,448,724
Interest on long-term debt	6,536,858	7,515,796
Total expenses	\$ 253,164,729	\$ 250,716,750
 Changes in net assets (deficit)	 \$ (31,839,012)	 \$ (40,450,181)
Net assets (deficit), beginning (restated)	(198,913,282)	(158,463,101)
Net assets (deficit), ending	\$ (230,752,264)	\$ (198,913,282)

The Town of Hamden's net deficit position increased by \$31,839,012 during the fiscal year. This increase in the deficit is principally due to the change in other post-employment and pension benefits.

Governmental Activities

For governmental activities, approximately 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 \$10,624,211 due to a mill rate increase.

For governmental activities, approximately 61% of the Town's expenses relate to education, 6% relate to general government, 13% relate to public works operations, 15% to public safety and the remaining 5% relate to interest expense, health and welfare, community development and culture and recreation.

Major expense factors include:

- Functional expenses generally increased due primarily to other post-employment benefits and pension benefits. The OPEB and net pension obligations increased in total by \$33,402,760 over the prior year amounts.

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 \$2,217,340.

As stated earlier, the fund balances of the Town of Hamden's general fund increased by \$528,270 during the current fiscal year. This increase was due to lower than expected operating expenditures.

The **Memorial Town Hall Fund** had a fund balance of \$51,251. The decrease in fund balance of \$2,528,988 was primarily due to the expenditures of previously bonded funds. This fund is approaching the completion of the project.

The **Capital Project Fund** had a decrease in fund balance of \$12,252,518 which included the capital expenditures of previously borrowed funds.

Proprietary Funds. The deficit of the Internal Service Funds at the end of the year was \$5,124,767, a decrease in deficit of \$696,257 over the prior year due to increased funding and less claims.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were \$198,666,043, which were lower than budgetary estimates by \$2,423,896.

Actual expenditures and transfers out on a budgetary basis totaled \$198,117,685 or \$3,422,250 less than budgeted.

Major contributors were:

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

Capital Assets and Debt Administration

Capital Assets. The Town of Hamden's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$421 million on a gross basis and \$253 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads and bridges.

Town of Hamden, Connecticut		
Capital Assets Net of Depreciation		
	June 30, 2014	June 30, 2013
Governmental funds capital assets:		
Land	\$ 18,281,108	18,281,108
Land improvements	14,597,869	15,736,622
Buildings and improvements	141,736,396	145,450,401
Machinery and equipment	8,132,031	5,029,564
Infrastructure	16,617,012	21,073,938
Construction in progress	53,410,285	44,377,719
Total	\$ 252,774,701	\$ 249,949,352

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 \$119,040,000, compared to \$129,975,000 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.

Economic Factors and 2014/2015 Budgeting Information

The Town has not been immune from the effects of the national economic downturn and slow recovery. As of June 2014, the unemployment rate for the Hamden labor market area was 7.7%, compared with 7.7% for the prior June. Connecticut's overall unemployment rate stood at 7.8% in June 2014, compared with 8.5% the previous June.

FY 2014/2015

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

STATEMENT OF NET POSITION
June 30, 2014

	Primary Government Governmental Activities
Assets:	
Cash and cash equivalents	\$ 29,194,932
Receivables, net	10,065,658
Inventory	21,207
Capital assets:	
Capital assets, not being depreciated	71,691,393
Capital assets, being depreciated, net	181,083,308
Total assets	\$ 292,056,498
Deferred outflows on resources	
Deferred charges	\$ 600,839
Liabilities:	
Accounts payable and accrued expenses	\$ 7,269,757
Accrued interest	2,983,271
External balances	204,903
Bond anticipation notes	27,523,425
Noncurrent liabilities:	
Due within one year	57,086,972
Due in more than one year	424,474,489
Total liabilities	\$ 519,542,817
Deferred inflows on resources	
Advance tax collections	\$ 2,561,187
Loss on refunding debt	1,305,627
Total deferred inflow on resources	\$ 3,866,814
Net position:	
Invested in capital assets, net of related debt	\$ 130,581,284
Restricted	10,877
Unrestricted	(361,344,455)
Total net position	\$ (230,752,294)

* After internal balances have been eliminated

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2014

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government	\$ 15,741,544	2,555,848
Public safety	37,599,665	2,174,467
Public works	31,722,982	368,879
Health and welfare	3,195,578	189,016
Cultural and recreation	4,083,994	276,686
Education	154,284,108	952,546
Interest on long-term debt	6,536,858	
Total governmental activities	\$ 253,164,729	6,517,442
Total primary government	\$ 253,164,729	6,517,442

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

EXHIBIT B

Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total
1,274,817	338,613	(11,572,266)
224,881	211,525	(34,988,792)
921,626	694,320	(29,738,157)
		(3,006,562)
290,771	457,132	(3,059,405)
43,563,489		(109,768,073)
		(6,536,858)
<u>46,275,584</u>	<u>1,701,590</u>	<u>(198,670,113)</u>
<u>46,275,584</u>	<u>1,701,590</u>	<u>(198,670,113)</u>

General revenues:

Property taxes	\$ 159,222,981
Grants and contributions not restricted for specific programs	6,775,474
Unrestricted investment earnings	79,206
Other unrestricted income	<u>753,440</u>
Total general revenues and transfers	\$ <u>166,831,101</u>
Change in net position	\$ <u>(31,839,012)</u>
Net position, beginning	\$ <u>(198,913,282)</u>
Net position, ending	\$ <u>(230,752,294)</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Major Funds				Total Governmental Funds
	General	Memorial Town Hall Projects	Capital Project Fund	Nonmajor Governmental Funds	
Assets					
Cash and cash equivalents	\$ 24,543,152	265,764	244,320	1,521,233	26,574,469
Receivables, net	9,062,296			788,141	9,850,437
Due from other funds	3,065,406	212,405	18,254,000	2,732,041	24,263,852
Inventories				21,207	21,207
Total assets	\$ 36,670,854	478,169	18,498,320	5,062,622	60,709,965
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts and other payables	\$ 1,989,541	426,918	4,647,833	61,713	7,126,005
Due to other funds	21,428,997		735,090	2,309,746	24,473,833
Bond anticipation notes			26,405,000	1,118,425	27,523,425
Total liabilities	\$ 23,418,538	426,918	31,787,923	3,489,884	59,123,263
Deferred inflows of resources:					
Payments in advance	\$ 2,561,187				2,561,187
Unearned revenues	8,473,789				8,473,789
Total deferred inflows of resources	\$ 11,034,976	-	-	-	11,034,976
Fund balances:					
Nonspendable				21,207	21,207
Restricted for:					
Donor's intentions				10,877	10,877
Committed for:					
Other					-
Assigned	1,135			2,220,922	2,222,057
Unassigned	2,216,205	51,251	(13,289,603)	(680,268)	(11,702,415)
Total fund balances	\$ 2,217,340	51,251	(13,289,603)	1,572,738	(9,448,274)
Total liabilities, deferred inflows of resources and fund balances	\$ 36,670,854	478,169	18,498,320	5,062,622	

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

Capital assets used in the governmental activities are not financial resources and therefore, are not reported in the funds.	252,774,701
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	8,473,789
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.	(5,124,767)
Long-term liabilities , including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(477,427,743)
Net assets of governmental activities (Exhibit A)	\$ (230,752,294)

The accompanying notes are an integral part of the financial statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Memorial Town Hall Projects	Capital Projects		
Revenues:					
Property taxes and assessments	\$ 157,520,523				157,520,523
Intergovernmental	43,373,808	110,000	228,613	10,924,450	54,636,871
Charges for services	5,054,413			510,483	5,564,896
Investment income	79,206				79,206
Miscellaneous	2,924,984			407,898	3,332,882
Total revenues	\$ 208,952,934	110,000	228,613	11,842,831	221,134,378
Expenditures:					
Current:					
General government	\$ 9,876,460				9,876,460
Public safety	24,291,467			85,475	24,376,942
Public works	12,000,310			565,141	12,565,451
Public health	1,617,268			407,072	2,024,340
Culture and recreation	2,560,646			13,119	2,573,765
Education	91,700,269			8,240,416	99,940,685
Other	49,684,877			1,154,747	50,839,624
Capital outlay		3,010,381	12,706,131		15,716,512
Debt service	16,213,367				16,213,367
Total expenditures	\$ 207,944,664	3,010,381	12,706,131	10,465,970	234,127,146
Excess (deficiency) of revenues over (under) expenditures	\$ 1,008,270	(2,900,381)	(12,477,518)	1,376,861	(12,992,768)
Other financing sources (uses)					
Transfer from other funds	\$	371,393	225,000	255,000	851,393
Transfer to other funds	(480,000)			(371,393)	(851,393)
Proceeds from sale of bonds					-
Total other financing sources (uses)	\$ (480,000)	371,393	225,000	(116,393)	-
Net changes in fund balances	\$ 528,270	(2,528,988)	(12,252,518)	1,260,468	(12,992,768)
Fund balances (deficits) - beginning	1,689,070	2,580,239	(1,037,085)	312,270	3,544,494
Fund balances (deficits) - ending	\$ 2,217,340	51,251	(13,289,603)	1,572,738	(9,448,274)

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

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)	\$ (12,992,768)
Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,825,349
Revenues previously recognized in the statement of activities that provided current financial resources in the current year.	191,338
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(22,559,188)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>696,257</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (31,839,012)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 158,449,582	158,449,582	157,520,523	(929,059)
Intergovernmental	32,801,945	33,820,360	34,386,917	566,557
Charges for services	3,909,528	3,937,528	2,471,264	(1,466,264)
Investment income	75,000	75,000	79,206	4,206
Licenses, permits and fees	2,540,963	2,810,963	2,583,149	(227,814)
Other revenues	1,924,958	1,996,506	1,624,984	(371,522)
Total revenues	\$ 199,701,976	201,089,939	198,666,043	(2,423,896)
Expenditures:				
Current:				
General government	\$ 10,982,671	10,590,727	9,876,460	714,267
Public safety	24,080,020	24,360,188	24,291,467	68,721
Public works	11,202,642	12,522,135	12,000,310	521,825
Health and welfare	1,616,889	1,654,555	1,617,268	37,287
Cultural and recreation	2,702,488	2,596,464	2,560,646	35,818
Education	81,400,000	81,400,000	81,393,290	6,710
Employee benefits	51,202,487	51,451,091	49,684,877	1,766,214
Debt service:				
Principal retirements	12,190,000	11,686,410	11,415,000	271,410
Interest and other charges	4,774,779	5,278,369	5,278,367	2
Total expenditures	\$ 200,151,976	201,539,939	198,117,685	3,422,254
Revenues over (under) expenditures	\$ (450,000)	(450,000)	548,358	998,358
Other financing sources (uses):				
Premium on debt issuance	\$ 450,000	450,000	-	(450,000)
Transfers In				-
Total other financing sources (uses)	\$ 450,000	450,000	-	(450,000)
Revenues Over Expenditures and Other Financing Sources (Uses)	\$ -	-	548,358	548,358

Timing differences in education budget and accrual basis	(20,088)
Net Change in unassigned fund balance	\$ 528,270
Unassigned fund balance, July 1, 2013	1,687,935
Unassigned fund balance, June 30, 2014	\$ 2,216,205

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

STATEMENT OF NET FUND POSITION
 PROPRIETARY FUNDS
 June 30, 2014

	Governmental Activities <u>Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,620,463
Receivables, net of allowance	215,000
Due from other funds	5,299
Total assets	\$ <u>2,840,762</u>
Liabilities	
Current liabilities:	
Accounts payable & accrued liabilities	\$ 143,752
Due to other funds	-
Total current liabilities	\$ <u>143,752</u>
Noncurrent liabilities:	
Incurred, but not reported claims	\$ 7,821,777
Notes payable, less current portion	-
Total noncurrent liabilities	\$ <u>7,821,777</u>
Total liabilities	\$ <u>7,965,529</u>
Net Fund Position	
Unrestricted	\$ (5,124,767)
Total net fund position	\$ <u>(5,124,767)</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2014

	Governmental Activities
	<u>Internal Service Funds</u>
Operating revenues:	
Employer's contribution	\$ 16,218,168
Employee contribution	<u>3,436,924</u>
Total operating revenues	<u>\$ 19,655,092</u>
Operating expenses:	
Salaries and benefits	\$ 18,958,835
Total operating expenses	<u>\$ 18,958,835</u>
Operating income (loss)	<u>\$ 696,257</u>
Change in Net Fund Position	\$ 696,257
Net Fund Position, beginning	<u>(5,821,024)</u>
Net Fund Position, ending	<u><u>\$ (5,124,767)</u></u>

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2014

	Governmental Activities <u>Internal Service Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 19,646,589
Payments to suppliers	
Payments to employees	(19,455,744)
Internal activity-payments from (to) other funds	
Net cash flows from operating activities	<u>\$ 190,845</u>
Net increase (decrease) in cash and cash equivalents	\$ 190,845
Cash and Cash Equivalents, beginning	<u>2,429,618</u>
Cash and Cash Equivalents, ending	<u>\$ 2,620,463</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)	
Operating Activities:	
Operating Income (Loss)	\$ 696,257
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	
Changes in assets and liabilities:	
Decrease (increase) in receivable accounts	(8,503)
Decrease (increase) in due from other funds	
Increase (decrease) in accounts payable	(575,261)
Increase (decrease) in payments in advance	
Increase (decrease) in due to other funds	
Increase (decrease) in claims incurred but not reported	<u>78,352</u>
Net cash flows from operating activities	<u>\$ 190,845</u>

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

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2014

	Pension Trust Fund	Other Post Employment Benefits	Private Purpose Trust Funds	Agency Funds
Assets				
Cash and cash equivalents	\$ 2,576,821	100,000	431,140	693,168
Investments, at fair value:				
Common stocks	21,309,523			
Mutual funds	26,134,560			
Accounts receivable	120,681			
External balances	230		143,413	77,450
Prepaid expenses	14,617			
Total assets	\$ 50,156,432	100,000	574,553	770,618
Liabilities				
Accounts payable and accrued expenses	\$ 43,637		7,557	
Other liabilities		943,073	16,411	
Held for deposit for others				770,618
Total liabilities	\$ 43,637	943,073	23,968	770,618
Net Position:				
Net Position - Held in Trust for Pension Benefits and Other Purposes	<u>\$ 50,112,795</u>	<u>(843,073)</u>	<u>550,585</u>	<u>-</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2014

	Pension Trust Funds	Other Post Employment Benefits	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Town of Hamden	\$ 12,500,000	17,769,283	
Employees	2,181,831		
Other			288,937
Total contributions	\$ 14,681,831	17,769,283	288,937
Investment earnings:			
Net increase in fair value of investments	\$ 6,110,943		
Interest and dividends	1,061,277		
Less: Investment expenses	(175,419)		
Total investment earnings	\$ 6,996,801	-	-
Total additions	\$ 21,678,632	17,769,283	288,937
DEDUCTIONS			
Benefits paid to participants	\$ 23,582,140	18,612,356	
Administrative expenses	76,352		
Other deductions			247,218
Total deductions	\$ 23,658,492	18,612,356	247,218
Change in net position	\$ (1,979,860)	(843,073)	41,719
NET POSITION, beginning	\$ 52,092,655		508,866
NET POSITION, ending	\$ 50,112,795	(843,073)	550,585

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-wide financial statements

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

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

Fund financial statements

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

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 **Memorial Town Hall Fund** accounts for the activities of the Memorial Town Hall construction, which is a separately stated Capital project funded mainly through general obligation bonds to construct and revitalize the Town's historical Town Hall.

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

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

The **pension trust fund** is used to account for the accumulation of resources to be used for retirement benefits.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

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

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

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

Pension plan accounting

Pension Trust Fund

The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Governmental Funds

The net pension obligation, the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension obligation is recorded as a non-current liability in the government-wide financial statements.

Funding Policy

The Town makes contributions at the discretion of management.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

Net other post-employment benefit obligations – cont'd

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.

Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents

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

Investments

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

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

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The fair value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

Inventories

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

Receivables and payables

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2014

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

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

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years.

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

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

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

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

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

Compensated absences

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

Deferred outflows/inflows of resources

The statement of net position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The city reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt.

The statement of net position (Exhibit A) and the balance sheet for the government funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to future period and will not be recognized as revenue until that time. The city reports advance tax collections in the statement of net position and the balance sheet for the government funds. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for the recognition in the current period.

Long-term obligations

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

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

Fund equity and net position

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

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

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

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

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

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

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

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

Note 2 - Budgets and Budgetary Accounting

General Fund

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

- A. Not later than 105 days prior to the beginning of the fiscal year, the Mayor prepares and submits to the Legislative Council an annual budget based on detailed estimated revenues and expenditures for the Town.
- B. The Legislative Council must hold public hearings not later than 60 days before the beginning of the fiscal year, at which time taxpayers' comments are obtained.
- C. Not later than 45 days prior to the beginning of the fiscal year, the Legislative Council must adopt the budget.
- D. With approval from the Mayor, the Legislative Council may transfer any unencumbered appropriation from one department, commission, board or office to another. Any additional appropriation over and above the budget total may be made by resolution of the Legislative Council upon recommendation of the Mayor and certification from the Director of Finance that there is an unappropriated, unencumbered general fund cash balance available to meet the additional appropriation. Unencumbered appropriations lapse at year-end.
- E. Formal budgetary integration is employed as a management control device during the year for the general fund. Only the general fund is required to be budgeted.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

- 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, 2014.

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 (GAAP) is as follows:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
Balance, budgetary basis	\$ 198,666,043	198,117,685
The pay down of debt by the General Fund on-behalf of the capital projects fund was reclassified as other financial uses		(480,000)
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	10,286,891	10,286,891
Timing differences between the Town's Education expense and the accrual basis of Accounting		<u>20,088</u>
Balance, GAAP basis	<u>\$ 208,952,934</u>	<u>207,944,664</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 grantor agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

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.

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

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

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

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

Land	\$	18,281,108
Construction in progress		53,410,285
Net capital assets being depreciated		<u>181,083,308</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>252,774,701</u>

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

Long-term debt	\$	(119,040,000)
Deferred charges on debt		(6,083,692)
Net Obligations on retirement plans		(333,190,587)
Compensated Absences		(6,536,824)
Heart and Hypertension		(5,011,369)
Landfill Closure		(82,000)
Claims and Judgments		(4,500,000)
Accrued interest on debt		<u>(2,983,271)</u>
Net adjustment to reduce fund balance to arrive at net assets of government activities	\$	<u>(477,427,743)</u>

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	\$	4,942,675
Noncurrent account receivable		<u>3,531,114</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>8,473,789</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Acquisitions	\$ 13,880,087
Depreciation	<u>(11,054,738)</u>
Net Adjustment to increase net changes in fund balances to arrive at changes in net assets of governmental activities	<u>\$ 2,825,349</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Payments of debt	\$ 10,935,000
Premium and savings (loss) on new issuances	(1,061,431)
Amortization of bond premiums and savings	160,572
Net change in net obligation on retirement plans	(33,402,760)
Net change in other liabilities	<u>809,431</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ (22,559,188)</u>

Note 4 - Deposits and Investments

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

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental Funds	\$ 23,433,718	3,140,751	26,574,469
Internal Service Funds	2,620,463		2,620,463
Fiduciary funds	3,801,129		3,801,129
Investments:			
Fiduciary funds(pension)		<u>47,444,083</u>	<u>47,444,083</u>
Total Deposits and Investments	<u>\$ 29,855,310</u>	<u>50,584,834</u>	<u>80,440,144</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

Deposits

The carrying amounts of the Town's deposits at June 30, 2014 consist of the following:

Bank Deposit Accounts	\$	29,839,264
Certified Deposits		10,645
Cash on Hand		<u>5,401</u>
Total Deposits	\$	<u>29,855,310</u>

Custodial Credit Risk

As of June 30, 2014, the carrying amount of the Town's deposits had bank balances of approximately \$34,086,430. The amount of the bank balance covered under federal depository insurance was approximately \$859,000. 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, 2014 approximately \$3,490,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2014, the Town held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>	<u>Risk</u>
State Investment Fund	General Fund	\$ 75,730	.02	-
Money Market Account	General Fund	3,065,021	.02	-
Common Stock	Trust Funds	21,309,523	n/a	-
Mutual Funds	Trust Funds	<u>26,134,560</u>	n/a	-
Total Investments		\$ <u>50,584,834</u>		

Interest Rate Risk

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

Credit Risk

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

Investment Policies

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

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

The receivables as of June 30, 2014 for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Non-major Funds</u>	<u>Internal Service</u>	<u>Total</u>
Property taxes	\$ 5,013,573			5,013,573
Intergovernmental	3,531,114	788,141		4,319,255
Accounts	517,830		215,000	732,830
Net Total Receivables	\$ 9,062,517	788,141	215,000	10,065,658

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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 4,683,892		4,683,892
Overpayments		521,596	521,596
Tax payments in advance		2,039,591	2,039,591
Delinquent account receivable	258,783		258,783
Advanced payments on grants	3,531,114		3,531,114
Total Deferred Revenue	\$ 8,473,789	2,561,187	11,034,976

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

Payables

Payables as of June 30, 2014 for the Town's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Cash Overdraft</u>	<u>Total</u>
General Fund	\$ 938,391	1,051,150		1,989,541
Memorial Town Hall	426,918			426,918
Capital Projects Fund	4,647,833			4,647,833
Non-major Funds	59,350		2,363	61,713
Total governmental funds	\$ 6,072,492	1,051,150	2,363	7,126,005

Temporary Notes Payables

Bond anticipation notes

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

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
Bond anticipation notes:				
August 2012 BAN	\$ 480,000		480,000	
April 2012 BAN	2,500,000		1,381,575	1,118,425
May 2013 BAN	13,975,000	13,975,000	13,975,000	13,975,000
December 2013 BAN		12,430,000		12,430,000
Total governmental funds	<u>\$ 16,955,000</u>	<u>26,405,000</u>	<u>15,836,575</u>	<u>27,523,425</u>

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds Receivables and Payables

Inter-fund receivables and payables at June 30, 2014 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,065,406	21,428,997
Memorial Town Hall	212,405	
Capital Projects	18,254,000	735,090
Nonmajor	2,732,041	2,309,746
Internal Service Fund	5,299	
Pension Trust Fund	230	
Private Purpose Trusts	143,413	16,411
Performance Bond	77,450	
	<u>\$ 24,490,244</u>	<u>24,490,244</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

Inter-fund Transfers

The general fund paid down on taxable short-term notes maintained in two capital project funds in the amount of \$480,000.

A transfer of funds was made to reallocate from non-major funds to the major fund for the Memorial Town Hall Projects. This amount was \$371,393.

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 18,281,108			18,281,108
Construction in progress	44,377,719	9,032,566		53,410,285
Total capital assets, not being deprec.	<u>\$ 62,658,827</u>	<u>9,032,566</u>	<u>-</u>	<u>71,691,393</u>
Capital assets being depreciated:				
Land Improvements	\$ 23,703,668	39,000		23,742,668
Buildings and improvements	202,563,473	350,959		202,914,432
Machinery and equipment	29,211,191	4,534,849	77,287	33,668,753
Infrastructure	89,028,477			89,028,477
Total capital assets being depreciated	<u>\$ 344,506,809</u>	<u>4,924,808</u>	<u>77,287</u>	<u>349,354,330</u>
Less: Accumulated depreciation:				
Land Improvements	\$ 7,967,046	1,177,753		9,144,799
Buildings and improvements	57,113,073	4,064,963		61,178,036
Machinery and equipment	24,181,627	1,355,095		25,536,722
Infrastructure	67,954,538	4,456,927		72,411,465
Total accumulated depreciation	<u>\$ 157,216,284</u>	<u>11,054,738</u>	<u>-</u>	<u>168,271,022</u>
Net capital assets, being depreciated	<u>\$ 187,290,525</u>	<u>(6,129,930)</u>	<u>77,287</u>	<u>181,083,308</u>
Total capital assets, governmental	<u>\$ 249,949,352</u>	<u>2,902,636</u>	<u>77,287</u>	<u>252,774,701</u>

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

Governmental Activities:	
General government	\$ 526,488
Education	2,642,666
Public safety	471,152
Public works	7,201,763
Health and welfare	87,488
Community services	<u>125,181</u>
Total depreciation expense- governmental activities	<u>\$ 11,054,738</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due In One Year</u>
Governmental Activities:					
Long-Term Debt:					
General obligation bonds	\$ 129,975,000		10,935,000	119,040,000	7,935,000
Total Long-Term Debt	\$ 129,975,000	-	10,935,000	119,040,000	7,935,000
Deferred amount on:					
(Gain) Loss on					
Bond premium	\$ 5,539,476		160,572	5,378,904	160,572
Net long-term debt	\$ 135,514,476		11,095,572	124,418,904	8,095,572
Other Long-Term Liabilities:					
Net pension obligation	\$ 180,153,863	28,687,321	12,500,000	196,341,184	27,600,000
Net OPEB obligation	119,633,964	34,884,722	17,669,283	136,849,403	17,700,000
Compensated Absences	7,059,459		522,635	6,536,824	3,300,000
Claims Payable	8,462,438		640,661	7,821,777	
Heart and hypertension	5,639,397		628,028	5,011,369	375,000
Landfill	98,400		16,400	82,000	16,400
Claims and judgments	4,500,000			4,500,000	
Total governmental activities long-term liabilities	\$ 461,061,997	63,572,043	43,072,579	481,561,461	57,086,972

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 both governmental and business type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. 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, 2014, the outstanding general obligation bonded indebtedness of the Town was as follows:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

	<u>General</u>	<u>Refunding</u>
\$23,325,000 G.O.B. refunding 2004 , issue of 6/15/2004 due 7/15/2020, interest at 3.75% to 5%, annual principal payments of \$2,095,000 to \$640,000		10,020,000
\$12,215,000 G.O.B. 2009A , issue of 8/15/2009, due 8/15/2029, interest at 3.75% to 4.0%, annual principal payments of \$600,000 to \$625,000	9,115,000	
\$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	2,920,000	
\$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		2,800,000
\$7,415,000 G.O.B. 2010B refunding , issue of 8/15/2010, due 8/1/2017, interest at 3.0% to 5%, annual principal payments of \$630,000		4,410,000
\$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	28,345,000	
\$13,150,000 G.O.B. refunding 2011B , issue of 9/1/2011, due 7/15/2018, interest at 3.0% to 4.00%, annual principal payments of \$1,235,000 to \$3,335,000		11,020,000
\$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 to \$6,175,000	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 \$2,685,000 to 3,835,000		29,415,000
Total general obligation bonds	<u>\$ 61,375,000</u>	<u>57,665,000</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2015	7,935,000	4,616,008
2016	7,410,000	4,312,358
2017	8,470,000	4,022,779
2018	10,695,000	3,659,188
2019-2022	84,530,000	18,976,180
Total	\$ 119,040,000	35,586,513

Bonds authorized but unissued

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

The Town has authorized but unissued bonds relating to capital projects and pension deficit funding at June 30, 2014, as follows:

General Purpose	\$ 26,405,000
Pension Deficit Funding	<u>125,000,000</u>
Total	<u>\$ 151,405,000</u>

Legal debt limit

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

Category	Debt Limit	Indebtedness	Balance
General	\$ 354,580,337	108,805,000	245,775,337
Pension	472,773,783	125,000,000	347,773,783
Schools	709,160,675	33,108,886	676,051,789
Sewers	590,967,229		590,967,229
Urban Development	512,171,598		512,171,598

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$1,103,138,827.

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, 2014 was approximately \$1,699,000. Additional payments for principal and interest aggregating approximately \$3,740,000 are to be received through the bonds' maturity dates.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

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, 2014, there is \$61,897,000 of revenue bonds outstanding.

Defeased Bonds

The Town has issued general obligation refunding bonds to provide resources to purchase U.S. Governmental, State, and local government securities that were then placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of general obligation bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The advanced refunding was undertaken to reduce total debt service payments over the next 15 years. The amount deferred was amortized over this period. The amount as of June 30, 2014 that was considered to be defeased was \$5,826,849.

Note 9 - 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

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.

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 three defined benefit pension plans. 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

Method Used to Value Investments: Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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

Investments

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	40
Equity – international	15
Fixed Income	40
Real Estate	<u>5</u>
Total	<u>100%</u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses was 14.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

Net Pension Liability

In accordance with GASB Statement No 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

Total pension liability	\$ 452,501,230
Plan fiduciary net position	<u>50,112,795</u>
City's Net Pension Liability	<u>\$ 402,388,435</u>
Plan fiduciary net position as a percentage Of the total liability	11.07%

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

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	3.0%
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 sex-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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	9.20%	40
International Equity	9.70	15
Fixed Income	4.80	40
Real Estate	7.00	<u>5</u>
Total		<u>100%</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

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 7.50% of annual compensation for Service employees, increasing to 7.75% effective July 1, 2015 and to 8.00% effective July 1, 2016. Town contributions are assumed to be made in accordance with Section 219 of Public Act 14-217, specifically 50% of the actuarially determined contribution for the fiscal year ending June 30, 2015, 55% of the actuarially determined contribution for the fiscal year ending June 30, 2016, 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. Amortization payments are expected to grow by 2% annually. Income amounting to \$123 million from a pension obligation bond issuance is assumed in the fiscal year ending June 30, 2015.

The Town's annual pension cost and net pension obligation to the Retirement Plan for the current year were as follows:

Net Pension Obligation

Annual required contribution	\$ 27,688,031
Interest on net pension obligation	12,610,770
Adjustment to annual required contribution	<u>(11,611,480)</u>
Annual pension cost	\$ 28,687,321
Contributions made	<u>(12,500,000)</u>
Increase in net pension obligation	\$ 16,187,321
Net pension obligation, beginning of year	<u>180,153,863</u>
Net pension obligation, end of year	<u>\$ 196,341,184</u>

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

Retirees and beneficiaries receiving benefits	737
Terminated plan members entitled to, but not yet receiving benefits	24
Active plan members	<u>437</u>
Total	<u>1,198</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

Three Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 22,256,401	3,040,000	13.7 %	161,294,925
6/30/13	28,198,938	9,340,000	33.1	180,153,863
6/30/14	28,687,321	12,500,000	43.6	196,341,184

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$ 81,352,519	323,748,595	242,396,076	25.13 %	33,051,700	733.38
7/1/2012	58,842,127	419,266,994	360,424,867	14.03	31,241,635	1153.67
7/1/2014	46,762,549	452,501,230	405,738,681	10.33	29,347,110	1382.55

Historical Trend Information – The schedules of funding progress, found in the Plan’s separate stand alone, audited financial report, 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 involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial assumptions are as follows: Valuation Date:	7/1/14
Actuarial Cost Method:	Entry Age Normal Method
Amortization Method:	Level Percent, with 2% Annual Increases
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 THE FINANCIAL STATEMENTS, Continued
June 30, 2014

Connecticut Municipal Employee's Retirement System

A. Plan Description

Employees hired into the Guardian services after July 1, 2006 participate in the Connecticut Municipal Employees' Retirement System (CMERS), as do service employees hired after July 1, 2007. CMERS is the administrator of a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. CMERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

B. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. CMERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3% and 5% are paid to those who have reached age 65 and effective January 1, 2002, increases of 2.5% are paid to those who have not yet reached age 65. For those retiring on or after January 1, 2002, increases between 2.5% and 6.0% are paid regardless of age. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

1. If not covered by Social Security: 2% of the average final compensation times years of service.
2. If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average of earnings for the three highest paid years of service that is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years.

C. Funding Policy

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid, plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Employees not covered by Social Security are required to contribute 5% of all earnings.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

The required and actual contributions were as follows:

2012	\$	636,284
2013		923,474
2014		1,110,466

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory, cost sharing multi-employer defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated ten years of credited service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$10,286,891 for the year ended June 30, 2014.

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 2014, the Town contributions made on a pay-as-you go basis were \$17,669,283.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

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	<u>843</u>
Total	<u><u>2,132</u></u>

The calculation of the change in net OPEB obligation for the year ended June 30, 2014 is as follows:

Annual required contribution	\$ 37,757,368
Interest on net pension obligation	4,785,359
Adjustment to ARC	<u>(7,658,005)</u>
Annual OPEB cost	\$ 34,884,722
Contributions made	<u>(17,669,283)</u>
Increase in net OPEB liability	\$ 17,215,439
Net OPEB obligation, beginning of year	<u>119,633,964</u>
Net OPEB obligation, end of year	<u><u>\$ 136,849,403</u></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. The actuarial accrued liability as of July 1, 2014 is \$451,966,876.

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
6/30/13	33,920,115	14,696,649	43.3 %	119,633,964
6/30/12	33,055,026	15,847,243	47.9	100,410,498

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2014

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)
7/01/14	\$ -	\$ 451,966,876	451,966,876	0%	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.

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

Valuation Date:	July 1, 2014
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 5.00% 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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

Note 10 - Commitments and Contingencies

Lawsuits

There were several personal injury, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any in these cases, is not known at this time. Other than that below, based upon consultation with counsel, the Town's management estimates that potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town.

Environmental Contingency

The Town's Newhall site contains wetlands and low-lying areas that were used by the public for dumping. This was common practice throughout Connecticut until the late 1900's. Public health officials had encouraged the filling of wetlands and low-lying land to protect public health. Today we know that the waste included metals and chemicals that polluted the soil. Although the owners of the polluted properties have changed since the dumping began, it is now the responsibility of the Town of Hamden, the South Central Regional Water Authority, the State Department of Energy and Environmental Protection (DEEP) and Olin Corporation to remediate the pollution. This was established through a legal settlement and a consent order.

Through the consent order, the Town has agreed to remediate Mill Rock Park and the portion of the Hamden Community Center (former Newhall Street School) not owned by the Regional Water Authority. The Town has recorded a long-term liability of \$4.5 million dollars to recognize the estimated local costs of fulfilling the consent order. DEEP released its final remediation standards plan in October 2007.

The Town's residential remediation, comprising more than three hundred individual properties, was completed in 2012. The remediation of two parks is expected to extend from 2014 to 2015, and the remediation efforts of the South Central Regional Water Authority are currently planned for 2015 and 2016.

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 \$82,000, 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, 2014. 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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

under the twenty-year agreement with the Connecticut Resources Recovery Authority that expired on June 30, 2010. The Covanta contract offers two five year options to extend for any or all of the participating municipalities.

Under the Service Contract, the Town is required to deliver, or cause to be delivered, to the System acceptable solid waste generated within its boundaries with a minimum commitment of 14,850 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$69.09 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 31st of the immediately preceding contract year. However, the annual increase in the fee shall not be less than 1.75%, or more than 3.5% for any contract year.

The amended contract also provides for a reserve account, to be held by Wallingford, for the benefit of the original contracted municipalities, and is to be funded initially with \$2,000,000 from funds paid to the original municipalities by the CRRA, and thereafter by reserve charges to be collected by Covanta from the original municipalities and their authorized haulers, and remitted to Wallingford for deposit in the reserve account. The Town of Hamden's contribution to the reserve was 23.06% of the total reserve balance requirement, or \$461,200. There were no additional reserve fees added per ton for the year ended June 30, 2014.

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.

Software Maintenance Agreement

The Town entered into a software license and maintenance agreement on August 13, 2012 with a technology company. The total amount of the lease is \$631,866. The term of the agreement is for three years from September 1, 2012 through August 31, 2015, with payments of \$52,655 due on the first day of each three months (quarterly) until the end of the term.

Bus Service Contract

The Hamden Board of Education, as of July 1, 2010, has contracted with a school bus service company to supply and maintain school buses (in quantity and capacity) and personnel as required to fulfill Hamden's Public School transportation needs. The term of the contract is for five years ending June 30, 2015. The contract does not include the cost of fuel, which is to be

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

paid for by the Board of Education. The service company carries and pays for the cost of insurance.

Transportation service types vary and the cost of those services vary by mileage rate or hourly rate, depending on the service type. For the current year ending June 30, 2014, and the remaining 2014 year, the fees range from \$25.85 and \$49.67 per hour, and \$2.88 and \$2.95 per mile. If transportation needs materially increase or decrease during the contract period, the parties shall negotiate in good faith to adjust rates at which services are provided to cover the cost structure of such changes. For the fiscal year ending June 30, 2014, the amount paid on the service contract was \$5,758,227.

In addition to service fees, the Board of Education pays an annual charge to the service company for the provision of a performance bond, or comparable approved security, and the company's cost of a GPS system. The amounts due under the performance bond provision are \$28,000 and \$28,750 for the years ending June 30, 2014 and 2015 respectively. Amounts due for the GPS systems are \$425 per vehicle for each year of the contract.

Construction Contracts

The Town has various construction projects in progress at June 30, 2014.

Risk Management and Self-Insurance

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

The Town was a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers' compensation, general liability, auto and property insurance. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims from July 1, 1999 to June 30, 2009. The Board of Education was covered by CIRMA on a fully insured basis for the same time period.

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

The self-insurance programs for medical insurance are being administered by a third-party administrator, Anthem Blue Cross Blue Shield ("the administrator") and are reported as an internal service fund. Medical insurance premiums are based upon estimates by the number of employees and types of coverage (single or family), trends in insurance claims, and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but reported, be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2014

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Worker's Compensation & Medical Insurance				
2013	\$ 8,576,161	33,517,187	34,173,001	7,920,347
2014	7,920,347	19,357,174	19,455,744	7,821,777
Heart and Hypertension				
2013	5,777,125	234,812	372,540	5,639,397
2014	5,639,397	(50,267)	577,761	5,011,369
Total				
2013	14,353,286	33,751,999	34,545,541	13,559,744
2014	13,559,744	19,306,907	20,033,505	12,833,146

Note 11 - Fund Deficits and Adjustments to Net Assets and Net Position

Fund Deficits

The Town has the following Fund Deficits at June 30, 2014 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit</u>	<u>Plan For Elimination</u>
Capital Projects	\$ 13,289,603	Bond temporary note
Human Services	23,145	Future receipt of grant
Culture and Recreation	7,801	Future miscellaneous revenue
Community Development	41,890	Future receipt of grant
Other Capital Projects	225,501	Future bonding
Wintergreen Interdistrict	504,870	Future receipt of grant
Public Emergency Fund	844,227	Future bonding and FEMA grants
Worker's Compensation	6,595,782	Future charges for services

Note 12 – Adjustment

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans – An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures (GASB 67)*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2014

GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013. The Town adopted the provisions of GASB 67 as of July 1, 2013.

Note 13 - Subsequent Events

General Obligation Bond

On July 29, 2013 the Town's Legislative Council approved an ordinance to appropriate up to \$125,000,000 for deposit into the Town's Retirement Plan in order to fund a portion of the Town's unfunded net pension obligation. The Council also authorized the issuance of \$125,000,000 in taxable general obligation bonds to provide the pension funding. The bonds have not yet been issued as of the date of this report.

General Obligation Bond Anticipation Note

On August 21, 2014, the Town issued a general obligation bond in the amount of \$26,405,000 to permanently finance maturing BANS. The bond's final maturity date is August 15, 2034 and has interests rate ranging from 2% to 5%.

On August 21, 2014, the Town issued a short term note in anticipation of a general obligation bond in the amount of \$17,960,000. The note will be paid in full on August 20, 2015 with an interest rate of 1.25%.

Recently Issued Accounting Standards

The GASB has issued new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of the following standards will have on its financial statements.

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria, GASB 68 will require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 will also enhance accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
June 30, 2014

	<u>2014</u>
Total pension liability:	
Service cost	\$ 6,238,891
Interest	31,148,927
Differences between expected and actual experience	5,302,529
Benefit payments, including refunds of member contributions	<u>(23,582,140)</u>
Net change in total pension liability	19,108,207
Total pension liability - beginning	\$ <u>433,393,023</u>
Total pension liability - ending	\$ <u>452,501,230</u>
 Plan fiduciary net position:	
Contributions - employer	\$ 12,500,000
Contributions - employee	2,181,831
Net investment income	6,996,801
Benefit payments, including refunds of member contributions	(23,582,140)
Administrative expense	(76,352)
Other	-
Net change in plan fiduciary net position	\$ <u>(1,979,860)</u>
Plan fiduciary net position - beginning	<u>52,092,655</u>
Plan fiduciary net position - ending	\$ <u>50,112,795</u>
 Net Pension Liability - Ending	\$ <u><u>402,388,435</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	11.07%
 Covered-employee payroll	\$ 29,347,110
 Net pension liability as a percentage of covered-employee payroll	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 no assumption changes since GASB 67 implementation.

REQUIRED SUPPLEMENTARY INFORMATION
PENSION
June 30, 2014

Schedule of Employer Contributions
Last Ten Fiscal Years

Year Ended June	Actuarially Determined Contributions	Contributions In Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 27,688,031	12,500,000	15,188,031	29,347,110	42.59%
2013	27,145,128	9,340,000	17,805,128	N/A	N/A
2012	19,850,851	3,040,000	16,810,851	31,241,635	9.73%
2011	19,088,623	6,550,000	12,538,623	N/A	N/A
2010	18,911,433	12,500,000	6,411,433	33,051,700	37.82%
2009	18,292,235	12,500,000	5,792,235	N/A	N/A
2008	16,754,259	12,000,000	4,754,259	33,976,398	35.32%
2007	15,956,437	9,000,000	6,956,437	N/A	N/A
2006	13,951,743	6,000,000	7,951,743	30,598,423	19.61%
2005	13,287,374	3,000,000	10,287,374	N/A	N/A

Notes To Schedule:

Valuation Date

Actuarially determined contribution rate for the fiscal year ended June 30, 2014 was calculated using a July 1, 2012 biannual valuation. Future valuations will be completed annually.

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, 2014
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	3.00%
Administrative Expenses	\$100,000, increasing 3% annually
Retirement Rates	
Service-	Age 55-61, 5.0% retirement probability; 62-64, 15.0%; 65, 75.0%; 66-69, 50.0%; 70, 100.0%
Guardian-	Age 60-64, 25.0% retirement probability; 65, 100.0%
Mortality Rates:	
Healthy-	RP-2000 Combined Healthy Mortality Table, projected 19 years with Scale BB
Disabled-	RP-2000 Disabled Retiree Table Table, projected 19 years with Scale BB

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/08 \$	85,832,527	303,003,978	217,171,451	28.33%	33,976,398	639.18%
07/01/09	N/A	N/A	N/A	N/A	N/A	N/A
07/01/10	81,352,519	323,748,595	242,396,076	25.13%	33,051,700	733.38%
07/01/11	N/A	N/A	N/A	N/A	N/A	N/A
07/01/12	58,842,127	419,266,994	360,424,867	14.03%	31,241,635	1153.67%
07/01/13	N/A	N/A	N/A	N/A	N/A	N/A
07/01/14	46,762,549	452,501,230	405,738,681	10.33%	29,347,110	1382.55%

REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST- EMPLOYMENT BENEFITS (OPEB)
 June 30, 2014

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
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%

Appendix B

Form of Opinion of Bond Counsel

(This page intentionally left blank)

ROBINSON & COLE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

FORM OF OPINION OF BOND COUNSEL

June 17, 2015

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 June 17, 2015 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$15,545,000 Town of Hamden, Connecticut General Obligation Refunding Bonds, Issue of 2015, dated June 17, 2015 (the "Bonds"), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2015 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>
2015	\$2,295,000	2.000%	2023	\$940,000	2.250%
2016	1,585,000	2.000	2024	605,000	3.000
2019	495,000	5.000	2025	610,000	5.000
2020	1,120,000	5.000	2026	610,000	3.250
2021	1,535,000	5.000	2027	605,000	3.375
2021	1,000,000	2.000	2028	600,000	3.500
2022	2,945,000	5.000	2029	600,000	3.625

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 C

Form of Continuing Disclosure Agreement

(This page intentionally left blank)

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$15,545,000 General Obligation Refunding Bonds, Issue of 2015
Dated June 17, 2015

June 17, 2015

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$15,545,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2015, dated June 17, 2015 (the "Bonds"), and to mature on the dates and in the amounts as set forth in the Town's Official Statement dated June 3, 2015 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond Purchase Agreement, dated June 3, 2015 (the "Bond Purchase Agreement"); and

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

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

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

By: _____
Curt Balzano Leng
Mayor

By: _____
Salvatore DeCola
Director of Finance

Appendix D

Specimen Municipal Bond Insurance Policy

(This page intentionally left blank)



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100