

FINAL OFFICIAL STATEMENT DATED AUGUST 12, 2014

NEW ISSUE: Book-Entry-Only

**RATINGS: Standard & Poor's: A (AA BAM insured)/ SP-1
Moody's Investors Service: A3
Fitch Ratings: BBB+ / F-2**

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



**\$26,405,000
TOWN OF HAMDEN, CONNECTICUT
GENERAL OBLIGATION BONDS, 2014 SERIES A**

Dated: Date of Delivery

**Due: Serially, August 15, 2015 – 2034
As detailed inside the front cover**

Interest on the Bonds will be payable semiannually on the fifteenth day of February and August of each year until maturity, commencing February 15, 2015. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in the principal amount of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

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

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



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

**\$17,960,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY-ONLY**

Dated: Date of Delivery

Due: August 20, 2015

The Notes are not subject to redemption prior to maturity.

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by Pullman & Comley, LLC, of Bridgeport, Connecticut. It is expected that the delivery of the Bonds and the Notes in definitive form will be made on or about August 21, 2014 through the facilities of DTC.

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

RAYMOND JAMES

TOWN OF HAMDEN, CONNECTICUT
\$26,405,000 GENERAL OBLIGATION BONDS, 2014 SERIES A
BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: Serially, August 15, 2015 – 2034

Due	Amount	Interest Rate	Yield	CUSIP	Due	Amount	Interest Rate	Yield	CUSIP
2015	\$1,325,000	2.000%	0.550%	406792Y39	2025*	\$1,320,000	5.000%	3.130%	406792Z53
2016	1,320,000	3.000	0.770	406792Y47	2026*	1,320,000	5.000	3.240	406792Z61
2017	1,320,000	4.000	1.050	406792Y54	2027	1,320,000	3.250	3.440	406792Z79
2018	1,320,000	4.000	1.370	406792Y62	2028	1,320,000	3.375	3.550	406792Z87
2019	1,320,000	5.000	1.750	406792Y70	2029	1,320,000	3.500	3.650	406792Z95
2020	1,320,000	4.000	2.050	406792Y88	2030	1,320,000	3.500	3.680	406792ZA8
2021	1,320,000	5.000	2.360	406792Y96	2031	1,320,000	3.625	3.760	406792ZB6
2022	1,320,000	4.000	2.580	406792Z20	2032	1,320,000	3.625	3.830	406792ZC4
2023*	1,320,000	5.000	2.800	406792Z38	2033	1,320,000	3.750	3.870	406792ZD2
2024*	1,320,000	5.000	2.960	406792Z46	2034*	1,320,000	5.000	3.760	406792ZE0

* Priced assuming redemption on August 15, 2022; however, any such redemption is at the optional election of the Town.

\$17,960,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: August 20, 2015

Interest Rate: 1.250%	Yield: 0.650%	CUSIP Number: 4067922F7
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OFFICIAL STATEMENT

\$26,405,000 GENERAL OBLIGATION BONDS, 2014 SERIES A \$17,960,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (BOOK-ENTRY-ONLY)

INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Hamden, Connecticut (the “Town”) in connection with the sale of \$26,405,000 General Obligation Bonds, 2014 Series A (the “Bonds”), and \$17,960,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

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

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

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

The information in this Official Statement has been prepared by the Town’s financial advisor, Phoenix Advisors, LLC (the “Financial Advisor”), from information supplied by Town officials and other sources as indicated. The Financial Advisor does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. An agreement between the Town and the Financial Advisor has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23. U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Bonds and the Notes.

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

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 its opinions in Appendix B – “Forms of Opinion of Bond Counsel” herein), and it 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 the Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

The Town currently files its official statements for primary offerings with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds and notices of certain events with respect to the Notes pursuant to the Continuing Disclosure Agreements to be executed by the Town in substantially the forms attached as Appendix C to this Official Statement.

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

SECTION I – SECURITIES OFFERED

Description of the Bonds

The Bonds will be dated the date of delivery and will mature on August 15 in each of the years and in the principal amounts and will bear interest at the rate or rates per annum payable on February 15, 2015 and semiannually thereafter on August 15 and February 15 in each year until maturity as set forth on the inside cover page hereof. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest will be payable to the registered owners as of the close of business on the last business day of January and July in each year, by check mailed to the registered owner, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree.

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

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

Description of the Notes

The Notes in the principal amount of \$17,960,000 will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, August 20, 2015. The Notes will bear interest calculated on the basis of a 360-day year consisting of 30-day months, at such rate or rates per annum as are specified by the Underwriter. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-entry-only System” herein.

The Notes are not subject to redemption prior to maturity.

Optional Redemption

The Bonds maturing on or before August 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2022 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 15, 2022 and thereafter	100%

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

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

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a 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 interests 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 and Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Town Charter and various bond ordinances adopted by the Town’s Legislative Council

Use of Proceeds

<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Notes</u> <u>Maturing</u>	<u>(Paydowns)/</u> <u>New Money</u>	<u>The</u> <u>Notes</u>	<u>The</u> <u>Bonds</u>
Various Public Improvements	\$ 9,985,000	\$ 9,980,679	\$ 1,500	\$ 1,500	\$9,980,679
Road & Sidewalk Improvements	3,500,000	3,500,000	-	-	3,500,000
2007-08 CIP Program	6,874,100	494,321	-	-	494,321
Snow Emergency	2,500,000	1,118,425	(1,118,425)	-	-
CIP 2013-14 Phase I	3,800,000	3,800,000	-	-	3,800,000
CIP 2013-14 Phase II	8,630,000	8,630,000	-	-	8,630,000
Various Town Projects	7,700,000	-	7,700,000	7,700,000	-
Various BOE Projects	6,673,500	-	6,673,500	6,673,500	-
Sidewalk & Road Improvements	<u>3,585,000</u>	<u>-</u>	<u>3,585,000</u>	<u>3,585,000</u>	<u>-</u>
Total	\$53,247,600	\$27,523,425	\$16,841,575	\$17,960,000	\$26,405,000

Sources and Uses of Proceeds

Proceeds of the Bonds and the Notes are to be applied as follows:

Sources:	<u>BANs</u>	<u>Bonds</u>	<u>Total Issue</u>
Principal	\$17,960,000.00	\$26,405,000.00	\$44,365,000.00
Net Original Issue Premium	<u>106,682.40</u>	<u>1,693,512.15</u>	<u>1,800,194.55</u>
Total Sources	18,066,682.40	28,098,512.15	46,165,194.55

Uses:	<u>BANs</u>	<u>Bonds</u>	<u>Total Issue</u>
Permanently Finance Maturing BANs	-	26,761,500.35	26,761,500.35
Projects/New Money	17,960,000.00	-	17,960,000.00
Costs of Issuance ¹	70,951.30	385,671.75	456,623.05
Additional Proceeds	<u>35,731.10</u>	<u>951,340.05</u>	<u>987,071.15</u>
Total Uses	\$18,066,682.40	\$28,098,512.15	\$46,165,194.55

¹ Includes Underwriter’s discount and bond insurance premium

Tax Matters

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

under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

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

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

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

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

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

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

Original Issue Discount

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

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

Original Issue Premium

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

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

Ratings

The Bonds were rated as follows: "A3" from Moody's Investors Service ("Moody's"), "A" from Standard & Poor's ("S&P") and "BBB+" from Fitch Ratings ("Fitch"), respectively. The Notes were rated as follows: "SP-1" from S&P and "F-2" from Fitch, respectively. Moody's did not rate the Notes. Upon the issuance of the municipal bond insurance policy by Build America Mutual Assurance Company, the Bonds are expected to be rated "AA" by Standard & Poor's.

The Town furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the view of each rating agency and are subject to revision or withdrawal, which could affect the market price of the Bonds or the Notes. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by any agency, if, in the judgment of such rating agency, circumstances so warrant. The rating agencies should be contacted directly for their ratings on the Bonds and the Notes and the explanation of such rating.

Bond Insurance

BOND INSURANCE POLICY

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

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

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$478.6 million, \$12.7 million and \$465.9 million, respectively.

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

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

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

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

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

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

Security and Remedies

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

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

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

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

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

The Town has never defaulted on the payment of principal or interest on its bonds or notes.

Bondowners' and Noteowners' Risks

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

Risks Related to Town Operations

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

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 V – FINANCIAL SECTION" in this Official Statement.

Unfunded Pension and OPEB Liabilities

The Town is facing an approximate \$400 million unfunded pension liability and a \$440 million unfunded other postemployment benefits liability ("OPEB"), which are expected to continue to increase. Unless the Town is able to reduce these liabilities through a combination of debt issuance and reduced 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.

In May 2014, the Town sponsored legislation to make funding its pension plan for police, firefighters and other Town employees more affordable for taxpayers. In June 2014, the Connecticut General Assembly adopted Public Act 14-217, which allows the Town to "ramp up" its actuarially recommended contribution ("ARC") payments to the pension plan. Pursuant to the Act, if the Town issues pension deficit bonds ("POBs") prior to June 30, 2015, the Town is permitted to make the following ARC payments pursuant to Connecticut General Statutes Section 7-374c: (i) for the fiscal year in which the pension deficit bonds ("POBs") are issued, not less than 50% of the ARC; (ii) for the first fiscal year subsequent to the year of issue of the POBs, 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 POBs, 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 POBs, 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 POBs and for each fiscal year thereafter, 100% of the ARC required pursuant to Connecticut General Statutes Section 7-374c.

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 V – FINANCIAL SECTION" 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 – SECURITIES OFFERED – Optional Redemption" in this Official Statement.

Marketability

No assurance can be given that a secondary market for the Bonds or Notes will develop following the completion of the offering of the Bonds or Notes. 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 or the Notes will continue for any period of time following issuance of the Bonds and the Notes. The Underwriter is not obligated to make a second market for the Bonds or the Notes.

Legal Matters and Future Changes in Laws

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

Tax-Exempt Status of the Bonds and the Notes

The exclusion from federal gross income of interest on the Bonds and Notes is based on the continued compliance of the Town with certain covenants relating generally to certain restrictions on use of bond and note proceeds, arbitrage limitations and rebate of certain excess investment earnings to the Federal government. Failure to comply with such covenants could cause interest on the Bonds and Notes to become subject to Federal income taxation retroactive to the date of issuance of the Bonds and the Notes. See “SECTION I – SECURITIES OFFERED – Tax Matters” in this Official Statement.

Repayment of the Bonds and the Notes and Potential Effects of Bankruptcy

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

Limitations on Enforcement of Remedies

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

Forward-Looking Statements

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

Qualification for Financial Institutions

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

Book-Entry-Only System

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds and Notes, payment of interest and other payments on the Bonds and Notes to DTC participants or beneficial owners of the Bonds and Notes, confirmation and transfer of beneficial ownership interest in the Bonds and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds is based solely on information provided on DTC’s website and presumed to be reliable. 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.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and Notes. The Bonds and Notes 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 Bond or Notes certificate will be issued for each maturity of the Bonds and Notes, 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 Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC’s records. The ownership interest of each actual purchaser of each Bond and Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds or Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes 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 Bonds and Notes 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 Bonds or Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Bonds and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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, the Paying 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DTC Practices

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

Replacement Bonds

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

Underwriting

The Bonds and the Notes are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$27,973,807.20 (consisting of the principal amount of \$26,405,000.00, plus net original issue premium of \$1,693,512.15, less underwriters' discount of \$124,704.95). The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the Town at the net aggregate purchase price of \$18,035,731.10 (consisting of the principal amount of \$17,960,000.00, plus net original issue premium of \$106,682.40, less underwriter's discount of \$30,951.30). The Underwriter will be obligated to purchase all Bonds and Notes, if any such Bonds and Notes are purchased. The Bonds and the Notes may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

SECTION II – THE ISSUER

Description of the Town

The Town of Hamden 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 New Haven, and bordering Woodbridge, Bethany, Cheshire 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 Rt. 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/New Jersey.

Hamden 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 St. Raphael's and Yale-New Haven Hospitals 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	Scott D. Jackson	Elected/2 years	5½ years ¹
Chief Administrative Officer	Curt B. Leng	Appointed/indefinite	5 ½ years
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 Mayor Jackson took office in November, 2009. Prior to his election, Mayor Jackson served as the Town’s Chief Administrative Officer for four years.

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 106 sworn police officers, 25 civilian employees and 24 school 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 Commission. The Town’s Economic Development Director, Dale Kroop, 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 feet 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.
- 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 feet addition in the spring of 2014
- New Mixed Use Building: A new 14,000 square feet mixed-use building in expected to be completed in the Fall of 2014 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 feet 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 and has a significant impact on small business growth throughout Hamden.
- The 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 \$6.5 million in new tax revenue for the Town as well as having a major impact on the local economy. This is due to the large number of employees for many of the facilities. For example the \$100 million Connecticut Transit facility employs over 300 people working in two shifts. 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 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.

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. Under this contract, all curbside solid waste collected in Hamden is transported to Covanta's mass-burn solid waste resource recovery and electric generation plant 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 \$70.30 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 10/1/13</u>	<u>Designed Capacity</u>
Alice Peck Elementary School	Pre-K	1954 (1991)	18	137	300
Bear Path Elementary School	K-6	2003	25	449	495
Dunbar Hill Elementary School	K-6	1950 (1995)	18	309	403
Helen Street Elementary School	K-6	1992	20	330	350
Ridge Hill Elementary School	K-6	1971 (2011)	22 open classrooms	299	560
Shepherd Glen Elementary School	K-6	1972	17 open classrooms	328	477
Spring Glen Elementary School	K-6	2003	22	435	450
West Woods Elementary School	K-6	1973	24	450	510
Church Street Elementary School	K-6	1991	28	352	438
Hamden Middle School	7-8	2006	66	865	1,155
Hamden High School	9-12	1935 (1998)	77	1,811	2,100
Central Office (Administration)	N/A	1915 (2011)	N/A	<u>N/A</u>	<u>N/A</u>
Total				5,765	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
Projected				
2014-15	3,089	865	1,811	5,765
2015-16	3,089	865	1,811	5,765
2016-17	3,089	865	1,811	5,765

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

Municipal Employees¹

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	470	465	470	447	459
Board of Education	<u>831</u>	<u>804</u>	<u>804</u>	<u>804</u>	<u>804</u>
Total	1,301	1,269	1,274	1,251	1,263

¹ The figures shown above regarding municipal employees comprise full-time, part-time and permanent staff. Over the past thirteen months, the Town has made reductions to reduce its full-time staff by more than forty (40) positions, a reduction of approximately 10%.

Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>	
General Government			
Police	UPSEU/COPS	102	06/30/14 ¹
Firefighters	Local 2687, International Assoc. of Firefighters	92	06/30/14 ¹
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	
Board of Education			
Custodians and Maintenance	Local 431, Council #4, AFSCME, AFL-CIO	51	06/30/17
Teachers	Hamden Education Association, Local 57	559	06/30/15
Administrators	Association of Hamden Public School Administrators, AHPSA, AFL-CIO	29	06/30/17
Nurses	Hamden School Nurses Association, CILU	17	06/30/16
Clerical and Paraprofessionals	Local 424, UPSEU Unit #2	144	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>12</u>	N/A
		831	
Total		1,201	

¹ In negotiations.

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

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA SECTION

Population Trends and Densities

<u>Year</u>	<u>Population¹</u>	<u>Percent Change</u>	<u>Density²</u>
2010	60,960	7.1%	1,831
2000	56,913	8.5	1,709
1990	52,434	2.7	1,575
1980	51,071	3.5	1,534
1970	49,357	20.2	1,482
1960	41,056	–	1,233

Sources: ¹U.S. Department of Commerce, Bureau of Census, Census of Population 1960–2010.

² Population per square mile: 33.3 square miles.

Age Distribution of the Population¹

<u>Age¹</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	3,179	5.2%	202,106	5.7%
5 to 9 years	3,034	5.0	222,571	6.2
10 to 14 years	3,239	5.3	240,265	6.7
15 to 19 years	5,400	8.9	250,834	7.0
20 to 24 years	6,490	10.6	227,898	6.4
25 to 34 years	7,480	12.3	420,377	11.8
35 to 44 years	7,498	12.3	484,438	13.5
45 to 54 years	8,268	13.6	575,597	16.1
55 to 59 years	3,892	6.4	240,157	6.7
60 to 64 years	3,309	5.4	203,295	5.7
65 to 74 years	3,972	6.5	254,944	7.1
75 to 84 years	3,186	5.2	166,717	4.7
85 years and over	<u>2,013</u>	<u>3.3</u>	<u>84,898</u>	<u>2.4</u>
Total	60,960	100.0%	3,574,097	100.0%
2010 median age (years) ¹	37.4	–	40.0	–
2000 median age (years) ²	37.7	–	37.4	–

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

²U.S. Department of Commerce, Bureau of Census, 2000 Census.

Income Distribution

	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 – 9,999	251	1.7%	28,163	3.1%
10,000 – 14,999	222	1.5	18,987	2.1
15,000 – 24,999	486	3.3	48,016	5.3
25,000 – 34,999	962	6.5	57,101	6.3
35,000 – 49,999	1,219	8.2	91,930	10.1
50,000 – 74,999	2,860	19.3	155,098	17.0
75,000 – 99,999	2,620	17.7	142,615	15.6
100,000 – 149,999	3,596	24.3	190,257	20.9
150,000 – 199,999	1,381	9.3	81,689	8.9
200,000 and over	<u>1,222</u>	<u>8.2</u>	<u>97,797</u>	<u>10.7</u>
Total	14,819	100.0%	911,653	100.0%

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

Comparative Income Measures

	<u>Town of Hamden</u>	<u>State of Connecticut</u>
Per capita income, 2010	\$34,596	\$36,775
Median family income, 2010	\$88,613	\$84,170
Median household income, 2010	\$66,695	\$67,740

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

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

	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9 th grade	1,171	2.9%	112,149	4.7%
9 th to 12 th grade, no diploma	1,967	4.8	167,250	7.0
High school graduate	11,250	27.3	685,158	28.6
Some college, no degree	7,481	18.2	415,439	17.3
Associate's degree	2,648	6.4	174,712	7.3
Bachelor's degree	8,119	19.7	476,316	19.8
Graduate or professional degree	<u>8,514</u>	<u>20.7</u>	<u>367,259</u>	<u>15.3</u>
Total	41,150	100.0%	2,398,283	100.0%
Total high school graduate or higher	–	92.4	–	88.4
Total bachelor's degree or higher	–	40.4	–	35.2

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

Labor Force Data

Reporting Period Average	Labor Force	Unemployment Rate				
		Employed	Unemployed	Town of Hamden	New Haven Labor Market	State of Connecticut
June 2014	32,790	30,676	2,114	6.4%	6.7%	6.4%
2013	31,912	29,470	2,442	7.7	8.1	7.8
2012	32,358	29,662	2,696	8.3	8.7	8.4
2011	32,836	30,032	2,804	8.5	9.2	8.8
2010	31,501	28,793	2,708	8.6	9.3	9.1
2009	31,166	28,805	2,361	7.6	8.2	8.2
2008	31,019	29,327	1,692	5.5	5.9	5.7
2007	30,659	29,289	1,370	4.5	4.8	4.6
2006	30,511	29,202	1,309	4.3	4.6	4.4
2005	30,184	28,765	1,419	4.7	5.0	4.9
2004	30,049	28,676	1,373	4.6	4.9	4.9
2003	30,170	28,651	1,519	5.0	5.4	5.5

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

Sector	Town of Hamden		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing, hunting, and mining	21	0.1%	6,592	0.4%
Construction	1,135	3.5	112,301	6.4
Manufacturing	2,765	8.6	207,476	11.7
Wholesale trade	691	2.2	47,436	2.7
Retail trade	2,934	9.2	195,667	11.1
Transportation, warehousing and utilities	237	3.9	67,556	3.8
Information	891	2.8	46,077	2.6
Finance, insurance, real estate and leasing	2,629	8.2	167,484	9.5
Professional, scientific, management, administrative and waste management	3,178	9.9	189,671	10.7
Educational, health and social services	11,448	35.7	438,801	24.8
Arts, entertainment, recreation, accommodation and food services	2,355	7.3	140,551	8.0
Other services	1,395	4.4	78,859	4.5
Public administration	1,345	4.2	67,078	3.8
Total	32,024	100.0%	1,765,549	100.0%

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

Major Employers

The following are among the most significant employers in the Town of Hamden as of July 2014:

<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	25,304	81.3%	1,364,621	79.1%
Car pools	2,884	9.3	143,679	8.3
Using public transportation	816	2.6	76,305	4.4
Walked	1,042	3.3	51,957	3.0
Using other means	122	0.4	21,463	1.2
Worked at home	<u>951</u>	<u>3.1</u>	<u>68,071</u>	<u>4.0</u>
Total	31,119	100.0%	1,726,096	100.0%
Mean travel to work (minutes)	22.5	-	24.6	-

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

Number and Value of Building Permits¹

<u>Fiscal Year</u>	<u>Total</u>	
	<u>Number</u>	<u>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
2003-04	1,698	25,046,511
2002-03	1,899	28,626,521

¹ Includes residential and commercial construction.

Age Distribution of Housing

<u>Year Structure Built</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Built in 1939 or earlier	4,732	18.5%	351,823	23.9%
Built in 1940-1949	2,826	11.1	109,487	7.4
Built in 1950-1959	5,145	20.1	225,730	15.3
Built in 1960-1969	3,187	12.5	198,079	13.4
Built in 1970-1979	3,080	12.1	202,661	13.7
Built in 1980-1989	3,238	12.7	189,562	12.9
Built in 1990-1999	2,139	8.4	108,780	7.4
Built in 2000-2004	1,035	4.0	61,101	4.1
Built in 2005 or later	154	0.6	28,434	1.9
Total	25,536	100.0%	1,475,657	100.0%

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

Housing Units by Type of Structure

<u>Household Characteristics</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Single-family detached	14,382	56.3%	874,259	59.2%
Single-family attached	1,392	5.5	76,187	5.2
Multifamily	9,729	38.1	512,014	34.7
Mobile home, trailer, or other	33	0.1	13,197	0.9
Total	25,536	100.0%	1,475,657	100.0%

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

Housing Unit Vacancy Rates

<u>Housing Units</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Occupied housing units.....	24,099	94.4%	1,359,218	92.1%
Vacant housing units.....	<u>1,437</u>	<u>0.6</u>	<u>116,439</u>	<u>7.9</u>
Total units.....	25,536	100.0%	1,475,657	100.0%
Homeowner vacancy rate	–	0.8%	–	1.4%
Rental vacancy rate	–	6.0%	–	7.0%

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

Owner-occupied Housing Units

	<u>Town of Hamden</u>	<u>State of Connecticut</u>
Total owner-occupied units	16,371	939,984
Persons per unit	2.53	2.65

<u>Value of Specified Owner-occupied Units</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	186	1.1%	13,644	1.4%
\$ 50,000 to \$ 99,999	287	1.7	18,668	2.0
\$100,000 to \$149,999	1,002	6.1	56,161	6.0
\$150,000 to \$199,999	2,404	14.7	122,274	13.0
\$200,000 to \$299,999	6,842	41.8	267,519	28.4
\$300,000 to \$499,999	4,792	29.3	280,008	29.8
\$500,000 to \$999,999	781	4.8	134,075	14.3
\$1,000,000 or more	<u>77</u>	<u>0.5</u>	<u>47,635</u>	<u>5.1</u>
Total	16,371	100.0%	939,984	100.0%
Median value	\$254,400	–	\$296,500	–

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

Number and Size of Households

<u>Household Characteristics</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons in households	56,162	–	3,455,945	–
Persons per household (average)	2.37	–	2.52	–
Persons per family	3.01	–	3.08	–
Family households	14,300	60.3%	908,661	66.3%
Non-family households	<u>9,427</u>	<u>39.7</u>	<u>462,426</u>	<u>33.7</u>
All households	23,727	100.0	1,371,087	100.0
Family households by type				
Married couple	10,525	73.6	672,013	73.9
Female householders, no spouse	2,960	20.7	176,973	19.5
Other	<u>815</u>	<u>5.7</u>	<u>59,675</u>	<u>6.6</u>
Total family households	14,300	100.0	908,661	100.0
Non-family households by type				
Householders living alone	7,393	78.4	373,648	80.8
Other	<u>2,034</u>	<u>21.6</u>	<u>88,778</u>	<u>19.2</u>
Total non-family households	9,427	100.0%	462,426	100.0%

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

Breakdown of Land Use

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

SECTION IV – DEBT SECTION

**Debt Summary
As of August 21, 2014
(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	\$ 10,020,000
08/15/09	08/15/29	Various purpose – Series A	2.75–4.50	12,215,000	9,115,000
08/15/09	08/15/19	Land acquisition – Series B	3.50–5.50	4,000,000	2,920,000
06/01/10	08/15/20	Various purpose refunding, Series A	3.00–4.00	4,950,000	2,800,000
06/01/10	08/15/20	Various purpose refunding, Series B	3.00–5.00	7,730,000	4,410,000
08/24/11	08/15/31	Various purpose	2.00–4.25	34,000,000	28,345,000
10/06/11	07/15/20	Various purpose	3.00–4.00	13,150,000	11,020,000
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	<u>26,405,000</u>
Total					\$145,445,000

Overlapping/Underlying Debt

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

**Bonded Debt Maturity Schedule
As of August 21, 2014
(Pro Forma)**

Fiscal Year Ending	Principal Payments	Interest Payments¹	Total Payments	This Issue Principal Only	Cumulative Principal Retired (%)
2015	\$ 7,935,000	\$ 4,616,008	\$ 12,551,008	\$ -	5.5%
2016	7,410,000	4,312,358	11,722,358	1,325,000	11.5
2017	8,470,000	4,022,779	12,492,779	1,320,000	18.2
2018	10,695,000	3,659,188	14,354,188	1,320,000	26.5
2019	9,465,000	3,259,544	12,724,544	1,320,000	33.9
2020	9,355,000	2,878,488	12,233,488	1,320,000	41.2
2021	8,575,000	2,487,078	11,062,078	1,320,000	48.0
2022	7,600,000	2,130,063	9,730,063	1,320,000	54.1
2023	7,685,000	1,796,534	9,481,534	1,320,000	60.3
2024	6,820,000	1,485,413	8,305,413	1,320,000	65.9
2025	6,865,000	1,231,978	8,096,978	1,320,000	71.6
2026	6,620,000	1,008,178	7,628,178	1,320,000	77.0
2027	3,585,000	818,000	4,403,000	1,320,000	80.4
2028	3,585,000	657,875	4,242,875	1,320,000	83.8
2029	3,585,000	505,469	4,090,469	1,320,000	87.1
2030	3,585,000	360,406	3,945,406	1,320,000	90.5
2031	2,985,000	227,344	3,212,344	1,320,000	93.5
2032	2,985,000	106,656	3,091,656	1,320,000	96.4
2033	1,235,000	23,156	1,258,156	1,320,000	98.2
2034	-	-	-	1,320,000	99.1
2035	-	-	-	1,320,000	100.0
Total	\$119,040,000	\$35,586,513	\$154,626,513	\$26,405,000	

¹ Does not include interest on this issue.

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

Temporary Financing

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

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

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

**Statement of Statutory Debt Limitation
As of August 21, 2014
(Pro Forma)**

Debt Limitation Base

Total tax collections, including interest and lien fees for the fiscal year ended June 30, 2014 (unaudited)	\$157,520,522
Debt Limitation Base	<u>\$157,520,522</u>

Debt Margin

Debt Limitation by Purpose	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit Funding	Total
2.25 x base	\$ 354,421,175	\$ -	\$ -	\$ -	\$ -	\$ 354,421,175
4.50 x base	-	708,842,349	-	-	-	708,842,349
3.75 x base	-	-	590,701,958	-	-	590,701,958
3.25 x base	-	-	-	511,941,697	-	511,941,697
3.00 x base	-	-	-	-	472,561,566	472,561,566
Total debt limitation	<u>\$ 354,421,175</u>	<u>\$ 708,842,349</u>	<u>\$ 590,701,958</u>	<u>\$ 511,941,697</u>	<u>\$ 472,561,566</u>	<u>\$ 2,638,468,744</u>
Less indebtedness:						
This issue	\$ 26,405,000	\$ -	\$ -	\$ -	\$ -	\$ 26,405,000
Notes outstanding	11,286,500	6,673,500	-	-	-	17,960,000
Bonds payable	82,400,000	36,640,000	-	-	-	119,040,000
Bonds authorized but unissued	-	-	-	-	125,000,000	125,000,000
Total net indebtedness	<u>\$ 120,091,500</u>	<u>\$ 43,313,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000,000</u>	<u>\$ 288,405,000</u>
Less school construction grants receivable						
	\$ -	\$ 5,040,000	\$ -	\$ -	\$ -	\$ -
Total net indebtedness	<u>\$ 120,091,500</u>	<u>\$ 38,273,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000,000</u>	<u>\$ 288,405,000.00</u>
Debt limitation in excess of outstanding and authorized debt						
	\$ 234,329,675	\$ 670,568,849	\$ 590,701,958	\$ 511,941,697	\$ 347,561,566	\$ 2,350,063,744

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 \$1,102,643,654

**Authorized but Unissued Debt
As of August 21, 2014
(Pro Forma)**

The Town has \$125 million authorized but unissued for Pension Bonds, which are expected to be issued in the Fall of 2014.

Current Debt Statement
As of August 21, 2014
(Pro Forma)

Bonded debt	
General Purpose (this issue)	\$ 26,405,000
General purpose	82,400,000
Schools	36,640,000
Sewers	-
Total long-term bonded debt	<u>145,445,000</u>
Short-term debt	<u>17,960,000</u>
Direct debt	163,405,000
Less school construction grants receivable	<u>5,040,000</u>
Net direct debt	158,365,000
Overlapping/underlying debt	-
Total overall net debt	<u>\$158,365,000</u>

Current Debt Ratios
As of August 21, 2014
(Pro Forma)

Population, 2010 ¹	60,960
Per capita income, 2010 ²	\$34,596
Net taxable grand list, 10/1/13	\$4,072,871,372
Estimated full value @ 70%	\$5,818,387,674
Equalized net grand list (2010) ³	\$5,754,354,481

	Direct Debt	Net Direct Debt	Total Overall Net Debt
	<u>\$163,405,000</u>	<u>\$158,365,000</u>	<u>\$158,365,000</u>
Per capita	\$2,680.53	\$2,597.85	\$2,597.85
To net taxable grand list	4.01%	3.89%	3.89%
To estimated full value	2.81%	2.72%	2.72%
To equalized net grand list	2.84%	2.75%	2.75%
Ratio of debt per capita to per capita income	7.75%	7.51%	7.51%

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

² 2006–2010 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	60,900	60,900	60,960	60,960	60,960
Net taxable grand list	\$4,072,871,372	\$4,072,871,372	\$4,022,853,966	\$4,310,212,858	\$4,306,772,827
Estimated full value	\$5,818,387,674	\$5,818,387,674	\$5,746,934,237	\$6,157,446,940	\$6,152,532,610
Equalized net taxable grand list	\$5,754,354,481	\$5,754,354,481	\$5,754,354,481	\$6,106,840,331	\$6,351,601,147
Per capita income ¹	\$ 34,596	\$ 34,596	\$ 34,596	\$ 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	<u>\$147,945,000</u>	<u>\$156,380,000</u>	<u>\$144,125,000</u>	<u>\$146,020,000</u>	<u>\$125,060,000</u>

¹2006–2010 American Community Survey for 2010 - 2014; State of Connecticut Department of Public Health estimates for 2007–2009.

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	\$2,426.92	\$2,565.29	\$2,364.26	\$2,395.34	\$2,051.51
To net taxable grand list	3.63%	3.84%	3.58%	3.39%	2.90%
To estimated full value	2.54%	2.69%	2.51%	2.37%	2.03%
To equalized net taxable grand list	2.57%	2.72%	2.50%	2.39%	1.97%
Debt per capita to per capita income	7.02%	7.41%	6.83%	6.92%	5.93%

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

Fiscal Year Ended June 30	<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Debt Service as Ratio to Total Expenditures</u>
2014 (unaudited).....	\$16,693,000	\$212,000,000	8.00%
2013	16,280,508	201,069,301	8.01
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 shall be submitted to binding referendum 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.



SECTION V – FINANCIAL SECTION

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, 2008 through 2013. The Town has provided budgetary information. 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.

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
2013	69.8%	13.1%	-	3.99%	7.73%	\$4,123,853	\$50,982	\$4,072,871	0.29%
2012	70.0	13.0	-	3.51	7.58	4,111,323	50,089	4,061,234	0.31
2011	70.2	13.1	-	3.82	7.72	4,101,879	53,113	4,048,766	0.64
2010	70.6	13.0	-	3.80	7.34	4,073,096	55,838	4,017,259	(6.80)
2009	73.0	16.8	-	3.60	6.60	4,354,733	44,520	4,310,213	0.08
2008	73.1	16.7	-	3.60	6.60	4,349,444	42,671	4,306,773	(0.08)
2007	73.0	16.8	-	3.20	7.00	4,351,943	41,640	4,310,303	1.09
2006	73.5	16.6	-	3.00	6.90	4,305,822	41,895	4,263,927	-

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

Major Taxpayers

Name	Business	Taxable Valuation As of 10/1/13	Percent of Net Taxable Grand List
Baker Hamden LLC	Apartments	\$59,929,030	1.47%
Whitney Center	Elderly health care facility	38,540,180	0.95
Hamden Developers LLC	Apartments	34,615,210	0.85
Fairfield Apple Hill LP	Apartments	32,386,900	0.80
2335 Rte 10 Hamden-CT Inc.	Retail	22,050,000	0.54
United Illuminating	Utility	21,031,470	0.52
Sermonte Associates	Apartments	20,010,970	0.49
MC Corporation	Retail	19,950,000	0.49
Hamden Plaza Associates	Apartments	14,840,000	0.36
Davenport Residence Inc.	Apartments	<u>14,085,400</u>	<u>0.35</u>
Total		\$277,439,160	6.81%

Net Taxable Grand List for 10/1/13: \$4,072,871,372

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 (unaudited)	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 (unaudited)	76.95%
2013	76.87
2012	75.66
2011	75.21
2010	69.57
2009	71.03
2008	73.31
2007	73.86

Comparative Balance Sheets – General Fund

	<u>6/30/13</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/10</u>	<u>6/30/09</u>
Assets					
Cash and cash equivalents	\$26,780,644	\$21,263,770	\$25,111,264	\$16,742,544	\$13,647,120
Receivables:					
Property taxes	-	4,534,255	4,111,497	4,489,138	3,802,712
Intergovernmental	11,803,117	8,451,679	11,058,862	12,056,110	12,965,308
Other	-	-	-	-	-
Due from other funds	<u>2,653,585</u>	<u>3,284,981</u>	<u>2,524,970</u>	<u>11,137,940</u>	<u>11,513,974</u>
Total assets	<u>41,237,347</u>	<u>37,534,685</u>	<u>42,806,593</u>	<u>44,425,732</u>	<u>41,929,114</u>
Liabilities and fund equity					
Liabilities					
Accounts and other payables	7,882,924	7,492,382	7,423,652	8,064,139	10,187,047
Unearned revenues	8,282,451	1,404,069	1,476,464	1,926,045	1,515,387
Deferred revenue	8,282,451	10,453,059	11,700,316	12,820,778	14,305,718
Due to other funds	22,112,634	16,990,184	21,648,597	21,040,095	7,296,193
Payments in Advance	<u>1,270,268</u>	-	-	-	-
Total liabilities	<u>39,548,277</u>	<u>36,339,694</u>	<u>42,249,029</u>	<u>43,851,057</u>	<u>33,304,345</u>
Fund equity					
Unassigned	1,687,935	1,194,991	557,564	-	-
Assigned	1,135	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for subsequent year's budget	-	-	-	-	2,100,000
Unreserved and undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,675</u>	<u>6,524,769</u>
General Fund equity	<u>1,689,070</u>	<u>1,194,991</u>	<u>557,564</u>	<u>574,675</u>	<u>8,624,789</u>
Total liabilities and fund equity	<u>\$41,237,347</u>	<u>\$37,534,685</u>	<u>\$42,806,593</u>	<u>\$44,425,732</u>	<u>\$41,929,114</u>
Operating revenues	\$200,852,851	\$188,285,326	\$183,436,468	\$173,070,065	\$181,482,068
Fund balance as percent of operating revenues	0.84%	0.63%	0.30%	0.33%	4.75%
Undesignated fund balance as percent of operating revenues	0.84%	0.63%	0.30%	0.33%	3.60%

Adopted Budget for Fiscal 2014-15 and Fiscal Year 2013–14 Projections

	2013-14 <u>Adopted Budget</u>	2013-14 <u>Projections</u>	2014-15 <u>Adopted Budget</u>
Revenues			
Taxes	\$158,449,582	\$157,409,901	\$163,325,203
Intergovernmental	30,606,858	31,855,011	32,313,485
Departmental revenues	<u>11,905,536</u>	<u>9,657,140</u>	<u>11,135,918</u>
Total revenues	\$200,151,976	\$198,922,053	\$206,774,606
Expenditures			
General government	\$ 10,982,671	\$ 9,761,342	\$ 10,049,652
Public safety	24,080,020	23,810,016	27,189,380
Public works	11,202,642	12,315,591	11,673,664
Culture and recreation	2,702,488	2,539,235	2,820,797
Health and welfare	1,616,889	1,623,774	1,707,102
Employee benefits	51,202,487	50,226,956	56,799,250
Debt service	16,964,779	16,693,367	14,884,761
Board of Education	<u>81,400,000</u>	<u>81,400,000</u>	<u>81,650,000</u>
Total expenditures	\$200,151,976	\$198,370,282	\$206,774,606
Excess of revenues over expenditures		\$551,771	

Based on projections as of early July 2014, the projected unassigned fund balance for June 30, 2014 is expected to total approximately \$2,239,706.

	<u>6/30/13</u> <u>Actuals</u>	<u>6/30/14</u> <u>Projected</u>
Total fund balance as percent of operating revenues	0.84%	1.12%
Unassigned fund balance as % operating revenues	0.84%	1.12%

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

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Revenues					
Property taxes	\$149,054,322	\$139,969,770	\$133,437,247	\$125,961,736	\$126,262,807
Licenses, permits and fees	—	1,850,190	1,731,085	2,893,495	3,371,675
Intergovernmental	45,338,028	42,518,172	44,696,470	40,619,842	47,658,189
Charges for services	5,589,997	3,049,056	3,113,930	2,915,983	3,341,206
Investment income	81,423	57,819	146,992	181,966	426,895
Proceeds from sale of land	—	—	—	—	—
Other revenues	<u>789,081</u>	<u>840,319</u>	<u>310,744</u>	<u>497,043</u>	<u>421,296</u>
Total revenues	200,852,851	188,285,326	183,436,468	173,070,065	181,482,068
Expenditures					
Education	91,359,833	87,773,548	78,356,902	83,759,620	83,496,925
General government	8,944,860	8,784,999	8,415,453	8,486,693	8,860,822
Public safety	23,816,313	22,832,084	22,998	21,353,567	21,244,235
Public works	12,509,676	12,612,013	12,132,659	10,972,530	11,825,883
Health and welfare	—	1,674,518	1,397,367	1,373,735	1,454,075
Culture and recreation	2,534,291	2,646,040	2,645,461	3,633,624	3,637,547
Employee benefits	—	37,534,036	47,640,667	38,579,075	37,439,217
Other	44,031,488	—	—	—	—
Capital outlay	—	—	—	179,222	1,022,724
Debt service	<u>16,280,508</u>	<u>15,339,245</u>	<u>4,333,809</u>	<u>13,514,084</u>	<u>13,100,902</u>
Total expenditures	201,069,301	189,196,483	184,639,339	181,852,150	182,082,330
Excess (deficiency) of revenues over (under) expenditures	(216,450)	(911,157)	(1,202,871)	(8,782,085)	(600,262)
Other financing sources (uses)					
Proceeds from capital leases	—	—	—	179,222	1,022,724
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	514,119
Operating transfers out	<u>(544,191)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(56,000)</u>
Total other financing sources (uses)	710,529	1,548,584	947,131	731,991	1,480,843
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing sources (uses)	494,079	637,427	(255,740)	(8,050,094)	880,581
Fund balance, beginning	<u>1,194,991</u>	<u>557,564</u>	<u>813,304¹</u>	<u>8,624,769</u>	<u>7,744,188</u>
Fund balance, ending	\$1,689,070	\$1,194,991	\$ 557,564	\$ 574,675	\$8,624,769

¹Reclassified.

The Town ended fiscal 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.

The fiscal year 2010-11 budget addressed these revenue shortfalls by using more conservative revenue assumptions, cutting expenditures and increasing the tax rate by about 6% from 29.41 to 31.16 mills. The Town reorganized departments, privatized two operations that were causing a significant drain each year, implemented a reduction in force, and refinanced existing debt service.

Although initial results for June 30, 2011 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 June 30, 2011 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 June 30, 2012 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 June 30, 2013 with an operating surplus of \$494,079 with a positive variance of approximately \$2.4 million on the expense side.

The adopted fiscal 2013–14 budget did not include the use of fund balance. The Town is projecting an operating surplus of approximately \$550,000 for June 30, 2014.

The proposed fiscal 2014–15 budget totals approximately \$207 million and does 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

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues	Percent
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
2009	47,658,189	181,482,068	26.3
2008	39,629,141 ¹	176,359,723	22.5
2007	34,857,364	162,935,577	21.4

¹ Excludes on-behalf teacher pension payments from State of Connecticut.

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.

Budget Procedure

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

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

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

Audit

The Town 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) 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, policy 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 an 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 dollars, effectively eliminating the Town's fund balance. Also contributing to the operating deficit for fiscal 2010 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 (\$8.6 million deficit elimination and addition of \$5.6 million) increase in medical funding from Fiscal 2010. 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 service.

Pension Plans

The Town maintains the Town's retirement plan, a single-employer, defined benefit public employee retirement system. This defined benefit pension plan was established by the Town in 1949 and it covers substantially all full-time employees, except for the groups covered by the Connecticut State Teachers Retirement Plan. As of July 1, 2012, the date of the most recent valuation, approximately 1,243 active and retired persons were active in the plan. Preliminary data for the July 1, 2014 valuation approximates 1,202 active and retired persons in the plan.

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

Payments into the Plan are made from Town and employee contributions. The table below shows Town contributions, employee contributions, 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. Preliminary amounts are provided for fiscal years ending June 30, 2013 and June 30, 2014.

<u>Year Ended June 30</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Net Investment Return</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	50,242,305
2014	12,500,000	2,000,000	5,459,215	100,000	25,000,000	45,101,520
2015 (budget)	13,750,000	n/a	n/a	n/a	n/a	n/a

Actuarial valuations are performed as of June 30th 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. 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 fiscal years ending June 30, 2007 through June 30, 2013. Preliminary results are provided for fiscal year ending June 30, 2014.

	<u>Year Ending June 30</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*	\$444,316,060
Actuarial value of assets.....	<u>85,832,527</u>	<u>\$78,884,991</u>	<u>81,352,519</u>	<u>\$72,544,342</u>	<u>58,842,127</u>	<u>\$50,242,305</u>	<u>45,101,520</u>
Unfunded accrued liability.....	217,171,451	N/A*	242,395,076	N/A*	360,424,867	N/A*	399,214,540
Actuarial recommended contribution.....	\$16,754,259	\$18,292,235	\$18,911,433	\$19,088,623	\$19,850,851	\$27,145,128	\$29,020,205
Market value of assets.....	\$81,058,324	\$65,737,492	\$71,239,987	\$71,796,698	\$57,919,838	\$52,092,655	\$46,955,000
Funded ratio (actuarial value)	28.33%	N/A*	25.13%	N/A*	14.03%	N/A*	10.15%
Funded ratio (market value).....	26.75%	N/A*	22.00%	N/A*	13.81%	N/A*	10.57%
Ratio of actuarial value of assets to market value of assets	105.9%	120.0%	114.2%	101.0%	101.6%	96.4%	96.1%

*Information not available in actuarial valuations.

The Town's contribution to the Plan compared to the Plan's Actuarially Required Contribution for the Plan's year beginning July 1, 2003 through July 1, 2013 are shown below. The preliminary Actuarially *Recommended* Contribution for plan year beginning July 1, 2014 is also shown.

<u>Plan Year Beginning</u>	<u>Town Contribution</u>	<u>Actuarially Recommended Contribution ("ARC")</u>	<u>Percent of ARC Contributed</u>
July 1, 2003	\$ 1,000,000	\$10,660,385	9.4%
July 1, 2004	3,000,000	13,287,374	22.6
July 1, 2005	6,000,000	13,951,743	43.0
July 1, 2006	9,000,000	15,956,437	56.4
July 1, 2007	12,000,000	16,754,259	71.6
July 1, 2008	12,500,000	18,292,735	68.3
July 1, 2009	12,500,000	18,911,433	66.1
July 1, 2010	6,550,000	19,088,623	34.3
July 1, 2011	3,040,000	19,850,851	15.3
July 1, 2012	9,340,000	27,145,128	34.4
July 1, 2013	12,500,000	27,688,031	45.1
July 1, 2014 (budgeted)....	13,750,000	29,020,205	47.4

The Town's annual pension cost and net pension obligation were as follows for the years ended June 30, 2012 through June 30, 2014 (preliminary):

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual required contribution.....	\$ 19,850,851	\$ 27,145,128	\$ 27,688,031
Interest on net pension obligation.....	11,366,282	11,290,645	12,610,770
Adjustment to annual required contribution..	<u>(8,960,732)</u>	<u>(10,236,835)</u>	<u>(11,611,480)</u>
Annual pension cost.....	22,256,401	28,198,938	28,687,321
Contributions made.....	<u>3,040,000</u>	<u>9,340,000</u>	<u>12,500,000</u>
Increase in net pension obligation.....	19,216,401	18,858,938	16,187,321
Net pension obligation, beginning of year.....	<u>142,078,524</u>	<u>161,294,925</u>	<u>180,153,863</u>
Net pension obligation, end of year.....	\$161,294,925	\$180,153,863	\$196,341,184

Effective July 1, 2007 all new hires except those in the 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 28 guardian (police and fire) employees and 29 service employees enrolled in the plan. The plan 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 the plan.

The Town's annual pension cost since 2009 for CMERS:

<u>Fiscal Year Ended 6/30</u>	<u>Town Contribution</u>
2009	\$ 165,698
2010	205,572
2011	499,995
2012	636,584
2013	923,474
2014 (unaudited)	1,110,466
2015 (budgeted)	1,700,000

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

To formally address the underfunding of the Town's Pension Plan, Hamden engaged the services of Segal Consulting last year to conduct a six-month planning process designed to develop a long-term, multi-tiered program to dramatically increase the Plan's funding ratio. Experts from Segal 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.

The plan for comprehensive pension reform and full funding of Hamden's Pension Plan contains recommendation 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 reduces overall retirement costs and effectively manages investment risk between the employer and the employee. It outlines the cost of COLA increases under the current Pension Ordinance and cost-savings that can be achieved through COLA reduction and it identifies and implements administrative/technical changes that will provide enhanced oversight and projections for the fund. The issuance of Pension Obligation Bonds (“POBs”) of \$123 million 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 pension fund contribution model are also part of the comprehensive pension reform package.

The Town has formally started taking action to implement recommended changes designed to solve the pension underfunding issue. The Town Council approved the issuance of up to \$125 million of pension bonds in August 2013. The Town contributed \$12.5 million to the pension plan in fiscal year 2013-14 and the Town has budgeted \$13.75 million for fiscal year 2014-15. In addition the Town has budgeted \$3.4 million for the projected initial interest payment on the projected pension bond issue. An additional \$1 million is included for CMERS and for a proposed 401(k) style program as recommended in the plan. 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 annual 3% which had been given annually to 1.59% for the coming fiscal year. 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.

In May 2014, the Town sponsored legislation to make funding its pension plan for police, firefighters and other Town employees more affordable for taxpayers. In June 2014, the Connecticut General Assembly adopted Public Act 14-217, which allows the Town to “ramp up” its actuarially recommended contribution (“ARC”) payments to the pension plan. Pursuant to the Act, if the Town issues POBs prior to June 30, 2015, the Town is permitted to make the following ARC payments pursuant to Connecticut General Statutes Section 7-374c: (i) for the fiscal year in which the POBs are issued, not less than 50% of the ARC; (ii) for the first fiscal year subsequent to the year of issue of the POBs, 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 POBs, 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 POBs, 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 POBs and for each fiscal year thereafter, 100% of the ARC required pursuant to Connecticut General Statutes Section 7-374c.

For further description of the Town’s pension plans, see Appendix A – “Auditor’s Section, Notes to Financial Statements, Note 9” herein. Also additional pension information including the Town’s July 1, 2012 actuarial pension valuation report and a detailed pension study completed by the Segal Group were filed on the Electronic Municipal Market Access (“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, 2012 the Town’s plan consisted of 1,170 retirees and 804 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 2010–11 and 2011–12, the Town’s pay-as-you-go cost was \$33,937,360 and \$33,055,026, respectively. The Town’s pay-as-you-go cost for fiscal year 2012–13 was \$33,920,115. The Town’s pay-as-you-go cost for fiscal year 2013–14 was \$34,914,000.

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

	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
6/30/13	\$33,920,115	\$16,718,841	49.3%	N/A
6/30/12	33,055,026	15,847,243	47.9	\$100,410,498
6/30/11	30,937,360	12,330,071	39.9	83,202,715
6/30/10	30,193,936	11,051,962	35.7	64,595,426
6/30/09	33,659,975	11,653,382	17.6	45,453,452
6/30/08	32,365,361	5,718,502	17.6	26,646,859

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (“AAL”)	Unfunded AAL (UAAL)	Funded Ratio
07/01/08	\$ –	\$366,234,442	\$366,234,442	–
07/01/09	–	344,724,721	344,724,721	–
07/01/10	–	–	–	–
07/01/11	–	–	–	–
07/01/12.....	–	439,980,586	439,980,586	–

No actuarial valuation was completed for 7/1/10 or 7/1/11. For budget 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 an OPEB trust Fund in June 2014 and deposited \$100,000 in Fiscal 2013-14 and budgeted \$100,000 for Fiscal Year 2014-15.

SECTION VI – ADDITIONAL 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 currently has \$8.0 million in 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.

Litigation in a case entitled Mark Spiegelhalter v. Town of Hamden et al., is pending in New Haven Superior Court. At present there is a demand that exceeds the \$11.0 million limit of the Town's underlying and primary liability coverage. The Town does however, carry excess liability coverage. Should the case proceed to trial and result in a verdict adverse to the Town of Hamden, while it may also exceed the limits of the underlying and primary coverage, it is not expected to exceed the excess liability coverage. A second mediation is scheduled for September 15, 2014 with a trial date of March 2, 2015. Defense counsel is optimistic that the case will ultimately settle within the policy limits of the underlying and primary coverage, but no assurance can be given at this time regarding the outcome of this case.

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.

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 the 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 Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to the Rule. 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 years ended June 30, 2007 and 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 July 24, 2012 and May 3, 2012, respectively. 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.

Documents to Be Furnished at Delivery

Upon delivery, the Underwriter will be furnished with the following:

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

The Town of Hamden has prepared this Official Statement for the Bonds and the Notes which is dated August 4, 2014. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the signing of the Bond Purchase Agreement.

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

Concluding Statement

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

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

By: */s/ Scott D. Jackson*

Scott D. Jackson, *Mayor*

By: */s/ Salvatore DeCola*

Salvatore DeCola, *Director of Finance*

Dated as of August 12, 2014

Appendix A

The following includes the General Purpose Financial Statements of the Town of Hamden, Connecticut for the fiscal year ended June 30, 2013. 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, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 283-1110.

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LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
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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, 2013, 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. 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, 2013, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 and RSI-2 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.

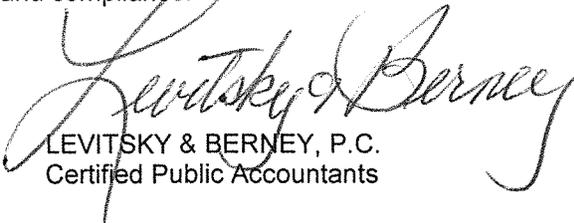
Other Information

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 is the responsibility of management and was derived from and directly related to the underlying accounting and other records used to prepare the basis 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 2, 2014 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 2, 2014

Town of Hamden, Connecticut Management's Discussion and Analysis June 30, 2013

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, 2013. 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, 2013, of (\$198,913,282). The increase in deficit from FY2012 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 \$40,450,181.
- At the close of the year, the Town of Hamden's combined governmental funds, on a current financial resources basis, had a fund balance of \$3,544,494, a decrease of \$9,943,598 from the prior fiscal year fund balance of \$13,488,092. The increase in temporary borrowing through bond anticipation notes was the cause of the decrease.
- At the end of the 2013 fiscal year, the total fund balance for the General Fund alone was \$1,689,070, an increase of \$494,079 from the prior fiscal year. The total General Fund balance at year-end represents .8% of the total General Fund expenditures of \$201,069,301 for the fiscal year ending June 30, 2013.
- The Town of Hamden's total long-term bonded indebtedness decreased by \$13,238,863 during the current fiscal year to \$129,975,000 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 18 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 \$198,913,282 on June 30, 2013. The growth in the deficit from FY2013 to FY2012 concerns primarily liabilities associated with pension and other post-employment benefits.

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

	June 30, 2013	June 30, 2012
Current and other assets	43,617,424	38,530,600
Capital assets	249,949,352	250,386,409
Total assets	293,566,776	288,917,009
Other liabilities	31,774,704	23,052,100
Long-term liabilities	460,705,354	424,929,946
Total liabilities	492,480,058	447,982,046
Net assets (deficit):		
Investment in capital assets - net of related debt	114,791,519	122,583,892
Restricted	9,413	1,417,170
Unrestricted (deficit)	(313,714,214)	(283,066,099)
Total net assets (deficit)	(198,913,282)	(159,065,037)

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, .

Town of Hamden, Connecticut
Summary Statement of Activities

	June 30, 2013	June 30, 2012
Operating Revenues:		
Charges for services	\$ 6,800,005	7,456,859
Operating grants and contributions	44,206,414	40,799,215
Capital grants and contributions	1,608,539	3,485,822
General revenues:		
Property taxes	148,598,770	141,101,541
Grants not restricted to specific purposes	8,084,101	5,044,633
Unrestricted investment earnings	81,423	57,819
Miscellaneous	887,317	843,090
Bond premiums	-	-
Total revenues	\$ 210,266,569	198,788,979
Expenses:		
General government	17,970,793	19,537,699
Education	149,599,746	143,825,365
Public safety	40,088,683	35,190,149
Public works	27,647,569	24,794,603
Health and welfare	3,445,439	2,210,476
Culture and recreation	4,448,724	3,851,179
Interest on long-term debt	7,515,796	5,581,941
Total expenses	\$ 250,716,750	234,991,412
Changes in net assets (deficit)	\$ (40,450,181)	(36,202,433)
Net assets (deficit), beginning (restated)	\$ (158,463,101)	(122,862,604)
Net assets (deficit), ending	\$ (198,913,282)	(159,065,031)

Hamden's net deficit position increased by \$39,848,251 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 71% of the revenues were derived from property taxes, followed by approximately 25% from intergovernmental revenues.

Major revenue factors included:

- Property tax revenue increased by \$7,497,229 due to a mill rate increase.

For governmental activities, approximately 60% of the Town's expenses relate to education, 7% relate to general government, 11% relate to public work operations, 16% to public safety and the remaining 6% relate to interest expense, health and welfare, community development and culture and recreation.

Major expense factors include:

- Functional expenses generally increased due primarily to other post-employment benefits and pension benefits. The OPEB and net pension obligations increased in total by \$38,082,404 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 \$1,689,070.

As stated earlier, the fund balances of the Town of Hamden's general fund increased by \$494,079 during the current fiscal year. This increase was due to higher than expected revenues from property taxes and lower than expected operating expenditures.

The Memorial Town Hall Fund had a fund balance of \$2,580,239. The decrease in fund balance of \$4,032,018 was primarily due to the expenditures of previously bonded funds..

The Capital Project Fund had an decrease in fund balance of \$5,714,065, principally due to expenditures of previously bonded funds and additional temporary borrowings.

Proprietary Funds. The deficit of the Internal Service Funds at the end of the year was \$5,821,024, a decrease in deficit of \$440,950 over the prior year due to increased funding and less claims. In addition, a favorable prior period adjustment was made to record the incurred but not reported at a discount rate rather than the previously reported gross rate..

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were \$191,284,587, which were lower than budgetary estimates by \$1,778,607.

Actual expenditures and transfers out on a budgetary basis totaled \$190,588,283 or \$2,484,911 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, 2013, amounts to \$407 million on a gross basis and \$250 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, 2013	June 30, 2012
Governmental funds capital assets:		
Land	\$ 18,281,108	\$18,281,108
Land improvements	15,736,622	16,914,375
Buildings and improvements	145,450,401	149,297,210
Machinery and equipment	5,029,564	3,728,839
Infrastructure	21,073,938	25,530,865
Construction in progress	44,377,719	36,634,012
Total	\$ 249,949,352	\$250,386,409

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 \$129,975,000, compared to \$143,055,000 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.

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

Economic Factors and 2013/2014 Budgeting Information

The Town has not been immune from the effects of the national economic downturn. As of June 2013, the unemployment rate for the Hamden labor market area was 7.7%, compared with 8.3% for the prior June. Connecticut's overall unemployment rate stood at 8.5% in June 2013, compared with 8.7% the previous June.

FY 2012/2013

- . The Town's mill rate was 37.1370, an increase from 34.77 in FY 2011/2012.
- . The Internal Service Funds reduced their fund deficit as a result of lower claims expense.

FY 2013/2014

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

Requests for Information

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

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STATEMENT OF NET POSITION
June 30, 2013

	Primary Government <u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 30,723,846
Receivables, net	12,872,371
Inventory	21,207
Capital assets:	
Capital assets, not being depreciated	62,658,827
Capital assets, being depreciated, net	<u>187,290,525</u>
Total assets	\$ <u>293,566,776</u>
Liabilities:	
Accounts payable and accrued expenses	\$ 10,806,524
Unearned revenue	1,270,268
Accrued interest	2,625,639
External balances	117,273
Bond anticipation notes	16,955,000
Noncurrent liabilities:	
Due within one year	57,645,413
Due in more than one year	<u>403,059,941</u>
Total liabilities	\$ <u>492,480,058</u>
Net Position:	
Invested in capital assets, net of related debt	\$ 114,791,519
Restricted	9,413
Unrestricted	<u>(313,714,214)</u>
Total net position	\$ <u>(198,913,282)</u>

* After internal balances have been eliminated

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION

For the Year Ended June 30, 2013

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government	\$ 17,970,793	2,183,869
Public safety	40,088,683	2,862,644
Public works	27,647,569	162,665
Health and welfare	3,445,439	185,331
Cultural and recreation	4,448,724	450,964
Education	149,599,746	932,481
Interest on long-term debt	7,515,796	22,051
Total governmental activities	\$ 250,716,750	6,800,005
Total primary government	\$ 250,716,750	6,800,005

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
2,219,039		(13,567,885)
439,803		(36,786,236)
354,373	1,608,539	(25,521,992)
233,076		(3,027,032)
		(3,997,760)
40,960,123		(107,707,142)
		(7,493,745)
<u>44,206,414</u>	<u>1,608,539</u>	<u>(198,101,792)</u>
<u>44,206,414</u>	<u>1,608,539</u>	<u>(198,101,792)</u>

General revenues:

Property taxes	\$ 148,598,770
Grants and contributions not restricted for specific programs	8,084,101
Unrestricted investment earnings	81,423
Other unrestricted income	<u>887,317</u>

Total general revenues and transfers \$ 157,651,611

Change in net position \$ (40,450,181)

Net position, beginning \$ (159,065,031)

Prior period adjustment 601,930

Net Position, beginning restated \$ (158,463,101)

Net Position, ending \$ (198,913,282)

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Major Funds				Total Governmental Funds
	General	Memorial Town Hall Projects	Capital Project Fund	Nonmajor Governmental Funds	
Assets					
Cash and cash equivalents	\$ 26,780,644	25,127	240,937	1,247,520	28,294,228
Investments					-
Receivables, net	11,803,117			862,757	12,665,874
Due from other funds	2,653,586	3,296,950	14,891,108	3,103,251	23,944,895
Inventories				21,207	21,207
Prepaid expenses					-
Total assets	\$ 41,237,347	3,322,077	15,132,045	5,234,735	64,926,204
Liabilities and Fund Balances					
Liabilities:					
Accounts and other payables	\$ 7,882,924	741,838	1,969,130	212,632	10,806,524
Due to other funds	22,112,634			1,954,833	24,067,467
Unearned revenues	8,282,451				8,282,451
Payments in advance	1,270,268				1,270,268
Bond anticipation notes			14,200,000	2,755,000	16,955,000
Total liabilities	\$ 39,548,277	741,838	16,169,130	4,922,465	61,381,710
Fund balances:					
Nonspendable	\$			21,207	21,207
Restricted for:					
Donor's intentions				9,413	9,413
Committed for:					
Other		1,756,606	102,904		1,859,510
Assigned	1,135			1,872,017	1,873,152
Unassigned	1,687,935	823,633	(1,139,989)	(1,590,367)	(218,788)
Total fund balances	\$ 1,689,070	2,580,239	(1,037,085)	312,270	3,544,494
Total liabilities and fund balances	\$ 41,237,347	3,322,077	15,132,045	5,234,735	

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.	249,949,352
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	8,282,451
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.	(5,821,024)
Long-term liabilities , including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(454,868,555)
Net assets of governmental activities (Exhibit A)	\$ (198,913,282)

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, 2013**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Memorial Town Hall Projects	Capital Projects		
Revenues:					
Property taxes and assessments	\$ 149,054,322				149,054,322
Intergovernmental	45,338,028			10,275,633	55,613,661
Charges for services	5,589,997			572,811	6,162,808
Investment income	81,423				81,423
Miscellaneous	789,081			247,823	1,036,904
Total revenues	\$ 200,852,851	-	-	11,096,267	211,949,118
Expenditures:					
Current:					
General government	\$ 8,944,860				8,944,860
Public safety	23,816,313			1,997,979	25,814,292
Public works	12,509,676				12,509,676
Public health	1,592,332			424,546	2,016,878
Culture and recreation	2,534,291			448,179	2,982,470
Education	91,359,833			7,289,782	98,649,615
Other	44,031,488	337,411		817,969	45,186,868
Capital outlay		3,804,607	5,540,503	1,028,597	10,373,707
Debt service	16,280,508				16,280,508
Total expenditures	\$ 201,069,301	4,142,018	5,540,503	12,007,052	222,758,874
Excess (deficiency) of revenues over (under) expenditures	\$ (216,450)	(4,142,018)	(5,540,503)	(910,785)	(10,809,756)
Other financing sources (uses)					
Transfer from other funds	\$ 398,562	110,000	225,000	219,191	952,753
Transfer to other funds	(554,191)		(398,562)		(952,753)
Proceeds from sale of bonds	866,158				866,158
Total other financing sources (uses)	\$ 710,529	110,000	(173,562)	219,191	866,158
Net changes in fund balances	\$ 494,079	(4,032,018)	(5,714,065)	(691,594)	(9,943,598)
Fund balances (deficits) - beginning	1,194,991	6,612,257	4,676,980	1,003,864	13,488,092
Fund balances (deficits) - ending	\$ 1,689,070	2,580,239	(1,037,085)	312,270	3,544,494

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, 2013**

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)	\$ (9,943,598)
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.	(437,057)
Revenues previously recognized in the statement of activities that provided current financial resources in the current year.	(2,170,608)
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.	(28,339,868)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>440,950</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (40,450,181)</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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 150,765,467	150,665,467	149,054,302	(1,611,165)
Intergovernmental	34,817,325	34,947,273	34,540,374	(406,899)
Charges for services	3,519,813	3,855,273	3,394,893	(460,380)
Investment income	97,500	97,500	81,423	(16,077)
Licenses, permits and fees	1,920,523	1,920,523	2,159,498	238,975
Other revenues	721,000	721,000	892,186	171,186
Total revenues	\$ 191,841,628	192,207,036	190,122,676	(2,084,360)
Expenditures:				
Current:				
General government	\$ 9,185,534	9,150,030	8,944,887	205,143
Public safety	23,778,708	23,886,132	23,816,314	69,818
Public works	11,816,651	12,897,396	12,509,675	387,721
Health and welfare	1,573,632	1,613,522	1,592,332	21,190
Cultural and recreation	2,784,704	2,559,290	2,534,290	25,000
Education	80,300,000	80,300,000	80,288,789	11,211
Other	46,183,887	45,796,316	44,031,488	1,764,828
Debt service:				
Principal retirements	11,139,000	11,139,000	11,139,000	-
Interest and other charges	5,730,512	5,731,508	5,731,508	-
Total expenditures	\$ 192,492,628	193,073,194	190,588,283	2,484,911
Revenues over (under) expenditures	\$ (651,000)	(866,158)	(465,607)	400,551
Other financing sources (uses):				
Premium on debt issuance	\$ 651,000	866,158	866,158	-
Transfers In	-	-	295,753	295,753
Total other financing sources (uses)	\$ 651,000	866,158	1,161,911	295,753
Revenues Over Expenditures and Other Financing Sources (Uses)	\$ -	-	696,304	696,304

Less:

Education's building fund net activity	(5,919)
Timing differences in Education Budget and accrual basis	<u>(197,441)</u>
Net Change in unassigned fund balance	\$ 492,944
Unassigned fund balance, July 1, 2012	<u>1,194,991</u>
Unassigned fund balance, June 30, 2013	<u>\$ 1,687,935</u>

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

STATEMENT OF NET FUND POSITION
 PROPRIETARY FUNDS
 June 30, 2013

	<u>Governmental Activities Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,429,618
Receivables, net of allowance	206,497
Due from other funds	<u>5,299</u>
Total assets	\$ <u>2,641,414</u>
Liabilities	
Current liabilities:	
Accounts payable & accrued liabilities	\$ 719,013
Due to other funds	
Total current liabilities	\$ <u>719,013</u>
Noncurrent liabilities:	
Incurred, but not reported claims	\$ 7,743,425
Notes payable, less current portion	
Total noncurrent liabilities	\$ <u>7,743,425</u>
Total liabilities	\$ <u>8,462,438</u>
Net Fund Position	
Unrestricted	<u>(5,821,024)</u>
Total net fund position	\$ <u><u>(5,821,024)</u></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, 2013

	<u>Governmental Activities Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 34,639,455
Employer's contribution	488,059
Total operating revenues	<u>\$ 35,127,514</u>
Operating expenses:	
Salaries and benefits	\$
Claims	34,686,564
Material and supplies	
Utilities	
Depreciation	
Administration and operation	
Total operating expenses	<u>\$ 34,686,564</u>
Operating income (loss)	<u>\$ 440,950</u>
 Change in Net Fund Position	 \$ 440,950
Net Fund Position, beginning	(6,863,904)
Prior Period Adjustment	601,930
Net Fund Position, beginning restated	<u>\$ (6,261,974)</u>
Net Fund Position, ending	<u>\$ (5,821,024)</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, 2013

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 35,113,528
Payments to suppliers	
Payments to employees	(34,197,810)
Internal activity-payments from (to) other funds	
Net cash flows from operating activities	<u>\$ 915,718</u>
Net increase (decrease) in cash and cash equivalents	\$ 915,718
Cash and Cash Equivalents, beginning	<u>1,513,900</u>
Cash and Cash Equivalents, ending	<u>\$ 2,429,618</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)	
Operating Activities:	
Operating Income (Loss)	\$ 440,950
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	(13,439)
Decrease (increase) in due from other funds	
Increase (decrease) in accounts payable	67,526
Increase (decrease) in payments in advance	
Increase (decrease) in due to other funds	
Increase (decrease) in claims incurred but not reported	<u>420,681</u>
Net cash flows from operating activities	<u>\$ 915,718</u>

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

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2013

	Pension Trust Fund	Private Purpose Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 2,412,884	391,918	629,621
Investments, at fair value:			
Common stocks	20,359,192		
Mutual funds	29,193,503		
Accounts receivable	180,127		
Interfund receivable		117,273	
Prepaid expenses	14,617		
	<u>52,160,323</u>	<u>509,191</u>	<u>629,621</u>
Total assets	\$ 52,160,323	509,191	629,621
Liabilities			
Accounts payable and accrued expenses	\$ 67,668		
Other liabilities		325	
Held for deposit for others			629,621
	<u>67,668</u>	<u>325</u>	<u>629,621</u>
Total liabilities	\$ 67,668	325	629,621
Net Position:			
Net Position - Restricted for Pension Benefits	\$ <u>52,092,655</u>	<u>508,866</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, 2013

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Town of Hamden	\$ 9,340,000	
Employees	2,153,222	
Other		377,227
Total contributions	<u>\$ 11,493,222</u>	<u>377,227</u>
Investment earnings:		
Net increase in fair value of investments	\$ 3,783,791	
Interest and dividends	1,521,528	160
Less: Investment expenses	(177,385)	
Total investment earnings	<u>\$ 5,127,934</u>	<u>160</u>
Total additions	<u>\$ 16,621,156</u>	<u>377,387</u>
DEDUCTIONS		
Benefits paid to participants	\$ 22,346,744	
Administrative Expenses	101,595	
Other deductions		212,121
Total deductions	<u>\$ 22,448,339</u>	<u>212,121</u>
Change in net position	<u>\$ (5,827,183)</u>	<u>165,266</u>
NET POSITION, beginning	<u>\$ 57,919,838</u>	<u>343,600</u>
NET POSITION, ending	<u>\$ 52,092,655</u>	<u>508,866</u>

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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, 2013

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 later 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, 2013

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, 2013

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

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, 2013

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".

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

Capital assets

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

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

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

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

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

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

Compensated absences

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

Deferred revenue

Deferred revenue arises when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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.
- 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, 2013.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2013

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	\$ 190,122,676	190,588,283
The pay down of debt by the General Fund on-behalf of the capital projects fund was reclassified as other financial uses		(589,000)
Board of Education maintains a school building fund , which operates separately than the Town's Budget	(67,479)	74,923
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	8,912,577	8,912,577
The budgetary expenditure for education was netted against the amount received from the Excess cost sharing state grant	1,885,077	1,885,077
Timing differences between the Town's Education expense and the accrual basis of Accounting		197,441
Balance, GAAP basis	\$ <u>200,852,851</u>	<u>201,069,301</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, 2013

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		44,377,719
Net capital assets being depreciated		<u>187,290,525</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>249,949,352</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	\$	(129,975,000)
Deferred charges on debt		(5,182,833)
Net Obligations on retirement plans		(299,787,827)
Compensated Absences		(7,059,459)
Heart and Hypertension		(5,639,397)
Landfill Closure		(98,400)
Claims and Judgments		(4,500,000)
Accrued interest on debt		<u>(2,625,639)</u>
Net adjustment to reduce fund balance to arrive at net assets of government activities	\$	<u>(454,868,555)</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	\$	3,240,218
Noncurrent account receivable		<u>5,042,233</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>8,282,451</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2013

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	\$ 10,403,707
Depreciation	<u>(10,840,764)</u>
Net Adjustment to increase net changes in fund balances to arrive at changes in net assets of governmental activities	<u>\$ (437,057)</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	\$ 13,238,863
Premium and savings on new issuances	(4,210,454)
Amortization of bond premiums and savings	381,627
Net change in net obligation on retirement plans	(38,082,410)
Net change in other long-term liabilities	<u>332,506</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ (28,339,868)</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	\$ 27,189,418	1,104,810	28,294,228
Internal Service Funds	2,429,618		2,429,618
Fiduciary funds	3,434,423		3,434,423
Investments:			
Fiduciary funds(pension)		<u>49,552,695</u>	<u>49,552,695</u>
Total Deposits and Investments	<u>\$ 33,053,459</u>	<u>50,657,505</u>	<u>83,710,964</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

Deposits

The carrying amounts of the Town's deposits at June 30, 2013 consist of the following:

Bank Deposit Accounts	\$	33,037,263
Certified Deposits		10,795
Cash on Hand		<u>5,401</u>
Total Deposits	\$	<u>33,053,459</u>

Custodial Credit Risk

As of June 30, 2013, 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, 2013 approximately \$3,490,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2013, 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	\$ 75,625	.02	-
Money Market Account	General Fund	1,029,185	.02	-
Common Stock	Trust Funds	20,359,192	n/a	-
Mutual Funds	Trust Funds	<u>29,193,503</u>	n/a	-
Total Investments		\$ <u>50,657,505</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, 2013

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, 2013 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	\$ 4,051,192			4,051,192
Intergovernmental	7,287,196	862,757		8,149,953
Accounts	464,729		206,497	671,226
Net Total Receivables	\$ 11,803,117	862,757	206,497	12,872,371

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	\$ 3,240,219		3,240,219
Overpayments		1,270,268	1,270,268
Advanced payments on grants	5,042,233		5,042,233
Total Deferred Revenue	\$ 8,282,451	1,270,268	9,552,719

Payables

Payables as of June 30, 2013 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	\$ 1,566,861	6,316,063		7,882,924
Memorial Town Hall	741,838			741,838
Capital Projects Fund	1,969,130			1,969,130
Non-major Funds	210,269		2,363	212,632
Total governmental funds	\$ 4,488,098	6,316,063	2,363	10,806,524

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2013

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:				
	\$ 1,070,000		1,070,000	-
August 2012 BAN		480,000		480,000
April 2012 BAN		2,500,000		2,500,000
May 2013 BAN		<u>13,975,000</u>		<u>13,975,000</u>
Total governmental funds	<u>\$ 1,070,000</u>	<u>16,955,000</u>	<u>1,070,000</u>	<u>16,955,000</u>

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds Receivables and Payables

Inter-fund receivables and payables at June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,653,586	22,112,634
Memorial Town Hall	3,296,950	
Capital Projects	14,891,108	
Nonmajor	3,103,251	1,954,833
Internal Service Fund	5,299	
Private Purpose Trusts	<u>117,273</u>	
	<u>\$ 24,067,467</u>	<u>24,067,467</u>

Inter-fund Transfers

The general fund paid down on taxable short-term notes maintained in two capital project funds in the amount of \$554,191.

Residual equities in the capital project funds, which were the result of capital expenditures being less than originally estimated, were returned back to the general fund. This amount was \$398,562.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2013

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2013 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	36,634,012	7,743,707		44,377,719
Total capital assets, not being deprec.	<u>\$ 54,915,120</u>	<u>7,743,707</u>	<u>-</u>	<u>62,658,827</u>
Capital assets being depreciated:				
Land Improvements	\$ 23,703,668			23,703,668
Buildings and improvements	203,457,397	213,876	1,107,800	202,563,473
Machinery and equipment	26,765,067	2,446,124		29,211,191
Infrastructure	89,028,477			89,028,477
Total capital assets being depreciated	<u>\$ 342,954,609</u>	<u>2,660,000</u>	<u>1,107,800</u>	<u>344,506,809</u>
Less: Accumulated depreciation:				
Land Improvements	\$ 6,789,293	1,177,753		7,967,046
Buildings and improvements	54,160,187	4,060,685	1,107,800	57,113,072
Machinery and equipment	23,036,228	1,145,399		24,181,627
Infrastructure	63,497,612	4,456,927		67,954,539
Total accumulated depreciation	<u>\$ 147,483,320</u>	<u>10,840,764</u>	<u>1,107,800</u>	<u>157,216,284</u>
Net capital assets, being depreciated	<u>\$ 195,471,289</u>	<u>(8,180,764)</u>	<u>-</u>	<u>187,290,525</u>
Total capital assets, governmental	<u>\$ 250,386,409</u>	<u>(437,057)</u>	<u>-</u>	<u>249,949,352</u>

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

Governmental Activities:	
General government	\$ 599,716
Education	2,563,093
Public safety	373,833
Public works	7,091,453
Health and welfare	87,488
Community services	<u>125,181</u>
Total depreciation expense- governmental activities	<u>\$ 10,840,764</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2013 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	\$ 118,350,000	54,120,000	42,495,000	129,975,000	10,935,000
Capital leases	158,863		158,863	-	
Bond Anticipation notes	<u>24,705,000</u>		<u>24,705,000</u>	-	
Total Long-Term Debt	\$ <u>143,213,863</u>	<u>54,120,000</u>	<u>67,358,863</u>	<u>129,975,000</u>	<u>10,935,000</u>
Deferred amount on:					
(Gain) Loss on Refunding		300,743		300,743	
Bond costs			657,386	(657,386)	
Bond premium	<u>1,028,279</u>	<u>4,671,770</u>	<u>160,573</u>	<u>5,539,476</u>	
Net long-term debt	\$ 144,242,142	59,092,513	68,176,822	135,157,833	10,935,000
Other Long-Term Liabilities:					
Net pension obligation	161,294,925	28,198,938	9,340,000	180,153,863	27,600,000
Net OPEB obligation	100,410,498	33,920,115	14,696,649	119,633,964	14,700,000
Compensated Absences	8,553,094		1,493,635	7,059,459	3,300,000
Claims Payable	7,419,552	1,042,886		8,462,438	719,013
Heart and hypertension	5,777,125	234,812	372,540	5,639,397	375,000
Landfill	152,162		53,762	98,400	16,400
Claims and judgments	<u>4,500,000</u>			<u>4,500,000</u>	
Total governmental activities long-term liabilities	\$ <u>432,349,498</u>	<u>122,489,264</u>	<u>94,133,408</u>	<u>460,705,354</u>	<u>57,645,413</u>

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, 2013, the outstanding general obligation bonded indebtedness of the Town was as follows:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

	<u>General</u>	<u>Refunding</u>
\$20,935,000 G.O.B. 2003 , issue of 6/15/2003, due 7/15/2013, interest at 3.125%, annual principal payments of \$1,330,000	\$ 1,330,000	
\$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		12,115,000
\$24,305,000 G.O.B. 2005 , issue of 7/15/2005, due 7/15/2013, interest at 5.0%, annual principal payments of \$1,235,000	1,235,000	
\$9,695,000 G.O.B. 2006 , issue of 8/1/2006, due 7/15/2013, interest at 5.0%, annual principal payments of \$485,000	485,000	
\$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	9,740,000	
\$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	3,190,000	
\$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		3,200,000
\$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		5,040,000
\$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	28,840,000	
\$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		13,150,000
\$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	22,235,000	
\$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>\$ 67,055,000</u>	<u>62,920,000</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2013

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2014	\$ 10,935,000	5,039,699
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	\$ 129,975,000	40,626,212

Bonds authorized but unissued

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

The Town has authorized but unissued bonds relating to capital projects at June 30, 2013, as follows:

Sewer	\$ -
General purpose	20,791,996
Schools	<u>820,732</u>
Total	\$ <u>21,612,728</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	\$ 335,809,107	107,646,868	228,162,239
Pension	447,745,476		447,745,476
Schools	671,618,214	38,702,827	632,915,387
Sewers	559,681,845	195,800	559,486,045
Urban Development	485,057,599		485,057,599

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$1,044,739,444.

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, 2013 was approximately \$1,972,000. Additional payments for principal and interest aggregating approximately \$5,400,000 are to be received through the bonds' maturity dates.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2013

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, 2013, there is \$89,897,000 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, 2013 that was considered to be defeased was \$24,064,102.

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, 2013

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 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 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 annual covered salary. Guardian employees contribute 8% of covered salary. Covered salary includes regular payroll, vacation, holiday, personal, longevity and sick time payroll.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

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	\$ 27,145,128
Interest on net pension obligation	11,290,645
Adjustment to annual required contribution	<u>(10,236,835)</u>
Annual pension cost	\$ 28,198,938
Contributions made	<u>9,340,000</u>
Increase in net pension obligation	\$ 18,858,938
Net pension obligation, beginning of year	<u>161,294,925</u>
Net pension obligation, end of year	<u>\$ 180,153,863</u>

Membership in the Plan consisted of the following at July 1, 2012, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	704
Terminated plan members entitled to, but not yet receiving benefits	30
Active plan members	<u>509</u>
Total	<u><u>1,243</u></u>

Three Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$ 21,427,292	6,550,000	30.6 %	142,078,524
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

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
7/1/2012	\$ 58,842,127	419,266,994	360,424,867	14.3 %	31,241,635	1153.67

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

Actuarial assumptions are as follows: Valuation Date:	7/1/12
Actuarial Cost Method:	Entry Age Normal Method
Amortization Method:	Level Percent of Salary Based on 2% Increases
Remaining Amortization Period:	30 Years Closed as of 7/1/2012
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

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: 1-1/2% of the average final compensation not in excess of the year's breakpoint, plus 2% of the average final compensation in excess of the year's breakpoint, times years of service.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2013

3. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

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.

The required and actual contributions were as follows:

2011	\$	499,985
2012		636,284
2013		923,474

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 \$8,912,577 for the year ended June 30, 2013.

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, 2012. The post-employment plan does not issue stand-alone financial reports.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

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 2013, the Town contributions made on a pay-as-you go basis were \$14,696,649.

Membership in the plan consisted of the following at July 1, 2012, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,225
Active plan members	<u>804</u>
Total	<u><u>2,029</u></u>

The calculation of the change in net OPEB obligation for the year ended June 30, 2013 is as follows:

Annual required contribution	\$ 36,186,117
Interest on net pension obligation	4,016,420
Adjustment to ARC	<u>(6,282,422)</u>
Annual OPEB cost	33,920,115
Contributions made	<u>(14,696,649)</u>
Increase in net OPEB liability	19,223,466
Net OPEB obligation, beginning of year	<u>100,410,498</u>
Net OPEB obligation, end of year	<u><u>\$ 119,633,964</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, 2012. 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, 2012 is \$439,980,586.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

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
6/30/13	\$ 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
6/30/11	30,937,360	12,330,071	39.9	83,202,715

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)
7/01/12	\$ -	\$ 439,980,586	439,980,586	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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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

Valuation Date:	July 1, 2012
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Dollar Closed, 30 Years
Remaining Amortization Period:	25 Years as of July 1, 2013
Actuarial Assumptions:	
Investment Rate of Return:	4.0% (pay-as-you-go)
Inflation Rate:	2.0%
Medical Trend Rate:	8.0% graded to 5.00% over 6 years
Prescription Drug Trend:	7.0% graded to 5.00% over 4 years
Dental Cost Trend Rate:	5%
Administrative Expense Trend Rate:	3%

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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 \$98,400, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2013. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Operating Contracts

Municipal solid waste management services contract

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

Under the Service Contract, the Town is required to deliver, or cause to be delivered, to the System acceptable solid waste generated within its boundaries with a minimum commitment of 14,850 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$68 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 CRRRA, 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, 2013.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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 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, 2013, and the remaining 2014 and 2015 years, the fees range from \$25.22 and \$49.67 per hour, and \$2.81 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, 2013, the amount paid on the service contract was \$5,613,000.

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 \$27,500, \$28,000, and \$28,750 for the years ending June 30, 2013, 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 several construction contracts in progress at June 30, 2013. A summary of the larger amounts remaining in these contracts is as follows:

Memorial Town Hall	\$ <u>1,756,600</u>
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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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

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 by not reported, be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Worker's Compensation & Medical Insurance				
2012	\$ 9,007,608	34,236,298	34,667,745	8,576,161
2013	8,576,161	33,517,187	34,173,001	7,920,347
Heart and Hypertension				
2012	5,992,840	686,824	902,539	5,777,125
2013	5,777,125	234,812	372,540	5,639,397
Total Internal Service				
2012	15,000,448	34,923,122	35,570,284	14,353,286
2013	14,353,286	33,751,999	34,545,541	13,559,744

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

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

Fund Deficits

The Town has the following Fund Deficits at June 30, 2013 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit</u>	<u>Plan For Elimination</u>
Capital Projects	\$ 1,037,085	Bond temporary note
Community Development	48,625	Future receipt of grant
Farmington Canal	124,612	Future bonding
Wintergreen Interdistrict	504,870	Future receipt of grant
Bear Path School	255,000	General fund pay down
Public Emergency Fund	1,625,924	Future bonding and FEMA grants
Worker's Compensation	5,678,496	Future charges for services
Medical Self Insurance	583,478	Future charges for services

Prior Period Adjustment

Governmental Activities of net position and the fund net position of the workers' compensation fund was adjusted by \$601,930 to account for the position of the incurred and not reported claims net of estimated recoveries and discounted at a rate determined by a third party actuary.

Note 12 - 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.

On August 23, 2013, the Town's Legislative Council approved an ordinance to appropriate \$3,800,000 for road repaving and sidewalk improvements and authorizing the issuance of bonds to meet the appropriation. The amount is included in the general obligation bond anticipation note dated December 4, 2013 as described below.

On October 29, 2013 the Town's Legislative Council approved an ordinance to appropriate \$8,630,000 for various public improvements as per the Town's six year capital plan. The amount is included in the general obligation bond anticipation note dated December 4, 2013 as described below.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2013

General Obligation Bond Anticipation Note

On December 4, 2013, the Town issued a note in anticipation of a general obligation bond in the amount of \$12,430,000. The note will be paid in full on August 21, 2014 with an interest rate of 1.75%.

Other Post-Employment Benefits

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.

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REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN
 June 30, 2013

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%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 27,145,128	34.4%
2012	19,850,851	15.3%
2011	19,088,623	34.3%
2010	18,911,433	66.1%
2009	18,292,235	68.3%
2008	16,754,259	71.6%

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST- EMPLOYMENT BENEFITS (OPEB)
June 30, 2013**

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 ©	UAAL as a Percentage of Covered Payroll ((b-a/c)
07/01/08 \$		366,234,442	366,234,442	0.0%	N/A	N/A
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

Schedule of Employer Contributions OPEB

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 36,186,117	43.3%
2012	34,822,130	45.5%
2011	32,076,366	38.4%
2010	30,951,154	35.7%
2009	33,659,975	17.6%
2008	32,365,361	17.6%

Appendix B

Forms of Opinion of Bond Counsel and Tax Exemption – the Bonds and the Notes

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ROBINSON & COLE LLP

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

FORM OF OPINION OF BOND COUNSEL

August 21, 2014

Town of Hamden,
Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated August 21, 2014 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$26,405,000 Town of Hamden, Connecticut General Obligation Bonds, 2014 Series A, dated August 21, 2014 (the "Bonds"), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on February 15, 2015 and semiannually thereafter on August 15 and February 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2015	\$1,325,000	2.000%	2025	\$1,320,000	5.000%
2016	1,320,000	3.000	2026	1,320,000	5.000
2017	1,320,000	4.000	2027	1,320,000	3.250
2018	1,320,000	4.000	2028	1,320,000	3.375
2019	1,320,000	5.000	2029	1,320,000	3.500
2020	1,320,000	4.000	2030	1,320,000	3.500
2021	1,320,000	5.000	2031	1,320,000	3.625
2022	1,320,000	4.000	2032	1,320,000	3.625
2023	1,320,000	5.000	2033	1,320,000	3.750
2024	1,320,000	5.000	2034	1,320,000	5.000

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

FORM OF OPINION OF BOND COUNSEL

August 21, 2014

Town of Hamden,
Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated August 21, 2014 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$17,960,000 Town of Hamden, Connecticut General Obligation Bond Anticipation Notes, dated August 21, 2014 and maturing August 20, 2015, consisting of Note R-1 in the aggregate principal amount of \$17,960,000, bearing interest at the rate of 1.25% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

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

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

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

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

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

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

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

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

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

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

Very truly yours,

ROBINSON & COLE LLP

Appendix C

Forms of Continuing Disclosure Agreements – the Bonds and the Notes

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FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$26,405,000 General Obligation Bonds, 2014 Series A
dated August 21, 2014

August 21, 2014

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$26,405,000 in aggregate principal amount of its General Obligation Bonds, 2014 Series A, dated August 21, 2014 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated August 12, 2014 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond and Note Purchase Agreement, dated August 12, 2014 (the "Bond and Note Purchase Agreement"); and

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

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

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

By: _____
Scott D. Jackson
Mayor

By: _____
Salvatore DeCola
Director of Finance

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$17,960,000 General Obligation Bond Anticipation Notes
dated August 21, 2014

August 21, 2014

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$17,960,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated August 21, 2014 (the "Notes"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated August 12, 2014 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a negotiated sale pursuant to a Bond and Note Purchase Agreement, dated August 12, 2014 the "Bond and Note Purchase Agreement"); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

By: _____
Scott D. Jackson
Mayor

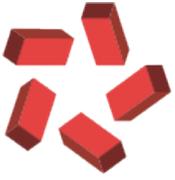
By: _____
Salvatore DeCola
Director of Finance

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Appendix D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer