

FINAL OFFICIAL STATEMENT DATED MAY 9, 2017

NEW ISSUE: Book-Entry-Only

RATING: S&P Global Ratings: "AAA"

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the adjusted current earnings of certain corporations for purposes of computing the federal alternative minimum tax on such corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax. (See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters" herein.)



Town of Haddam, Connecticut \$6,480,000 General Obligation Bonds, Issue of 2017 (Bank Qualified)

Dated: Date of Delivery

**Due: May 15, 2018-2037
as detailed below:**

The Bonds will bear interest payable on November 15, 2017 and semiannually thereafter on May 15 and November 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book Entry Only Transfer System" herein).

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
2018	\$ 325,000	2.000%	0.830%	404684BC5	2028*	\$ 325,000	3.000%	2.230%	404684BN1
2019	325,000	4.000%	0.960%	404684BD3	2029*	325,000	3.000%	2.280%	404684BP6
2020	325,000	3.000%	1.090%	404684BE1	2030*	325,000	3.000%	2.380%	404684BQ4
2021	325,000	3.250%	1.240%	404684BF8	2031*	325,000	3.000%	2.470%	404684BR2
2022	325,000	1.450%	1.450%	404684BG6	2032*	325,000	3.000%	2.560%	404684BS0
2023	325,000	4.000%	1.560%	404684BH4	2033*	325,000	3.000%	2.650%	404684BT8
2024	325,000	4.000%	1.720%	404684BJ0	2034*	320,000	3.000%	2.720%	404684BU5
2025*	325,000	2.500%	1.920%	404684BK7	2035*	320,000	3.000%	2.780%	404684BV3
2026*	325,000	3.000%	2.070%	404684BL5	2036*	320,000	3.000%	2.850%	404684BW1
2027*	325,000	3.000%	2.170%	404684BM3	2037*	320,000	3.000%	2.910%	404684BX9

* Priced assuming redemption on May 15, 2024; however, any such redemption is at the option of the Town.

WILLIAM BLAIR & COMPANY

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

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

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

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about May 25, 2017.

No dealer, broker, salesman or other person has been authorized by the Town of Haddam, Connecticut (the "Town") to give any information or to make any representations in connection with the offering of the Bonds, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

Set forth in Appendix A – "2016 Financial Statements Excerpted from the Town's Annual Financial Report" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in such appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in such appendix.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein), and makes no representation that it has independently verified the same.

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, May 9, 2017 at 11:30 A.M. (Eastern Time).
Location of Sale:	Haddam Town Office Building, 30 Field Park Drive, Haddam, Connecticut 06438.
Issuer:	Town of Haddam, Connecticut (the "Town").
Issue:	\$6,480,000 General Obligation Bonds, Issue of 2017 (the "Bonds").
Dated Date:	May 25, 2017
Principal Due:	Principal due serially May 15, 2018 through May 15, 2037.
Interest Due:	Interest due on November 15, 2017 and semiannually thereafter on May 15 and November 15, in each year until maturity.
Purpose:	The proceeds of the Bonds will be used to provide new money for, and retire maturing notes initially issued to finance, road projects. See "Authorization and Purpose" herein.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Redemption" herein.
Security:	The Bonds will be general obligations of the Town of Haddam, Connecticut, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds are rated "AAA" by S&P Global Ratings.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Matters:	See Appendix B - "Form of Opinion of Bond Counsel and Tax Matters".
Bank Qualification:	The Bonds <u>shall be</u> designated by the Town as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.
Continuing Disclosure:	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, notices of certain events and notices of failure to provide required information with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
Legal Opinion:	Urdike, Kelly & Spellacy, P.C. of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about May 25, 2017. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Ms. Barbara Bertrand, Director of Finance, Haddam Town Office Building, 30 Field Park Drive, Haddam, Connecticut 06438, Telephone: (860) 345-8531, ext. 209 or Mr. Barry Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 283-1110.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Haddam, Connecticut (the "Town"), in connection with the issuance and sale of \$6,480,000 General Obligation Bonds, Issue of 2017 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated May 1, 2017 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D, for the terms and conditions of the bidding on the Bonds.

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. 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 or be repeated in the future. All quotations from and summaries and explanations of provisions of statutes, charters, ordinances or other laws, and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such statutes or other laws and acts and proceedings of the Town. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

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

Municipal Advisor

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

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

The Bonds

The Bonds will mature on May 15 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum specified on the front cover, payable on November 15, 2017 and semiannually thereafter on May 15 and November 15 in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner of the Bonds as of the close of business on the last business day of April and October 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, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank National Association, as Paying Agent. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof.

Optional Redemption for the Bonds

The Bonds maturing on or before May 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after May 15, 2024 at any time, either in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
May 15, 2024 and thereafter.....	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption at the address of such 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 of the Bonds designated for redemption at the address of such registered owner or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct 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 a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds 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 Direct 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 Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are being issued pursuant to Title 7 of the Connecticut General Statutes (“CGS”), as amended, the Charter of the Town and a bond ordinance adopted by the Town Meeting on July 28, 2016.

Use of Proceeds

The Bonds are being issued to provide financing for the following projects:

<u>Project</u>	<u>Aggregate Amount Authorized</u>	<u>Maturing Notes Due: 5/25/17</u>	<u>New Money</u>	<u>This Issue: The Bonds</u>
Road Improvement	\$ 6,480,000	\$ 2,700,000	\$ 3,780,000	\$ 6,480,000
Total	\$ 6,480,000	\$ 2,700,000	\$ 3,780,000	\$ 6,480,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each maturity of the Bonds in the aggregate amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 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, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Bonds 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; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 the 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).

Principal and interest on, and redemption premium, if any, with respect to the Bonds 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 Town or 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, Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on, and redemption premium, if any, 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 Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond 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 certificates will be printed and delivered to DTC.

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

DTC Practices

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

Neither the Town, the Paying Agent nor the Underwriter will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, or (iii) any other actions taken by DTC or its partnership nominees as owner of the Bonds.

Replacement Bonds

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

Security and Remedies

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

Unless paid from other sources, the Bonds are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts. There were no acres of such certified forest land on the last completed Grand List of the Town. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of the tax revenue which the Town would have received except for the limitation on its power to tax dwelling houses of qualified elderly persons of low income.

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

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

The Town is subject to suit on its general obligation debt, 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 a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could 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 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 creditor's rights heretofore or hereafter enacted and to the exercise of judicial discretion.

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

***THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR
INTEREST ON ITS BONDS OR NOTES.***

Qualification for Financial Institutions

The Bonds shall 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.

Availability of Continuing Information

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attracted as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide, or cause to be provided, in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (i) annual financial information and operating data, (ii) notice of the occurrence of certain events with respect to the Bonds not in excess of ten business days after the occurrence of such events and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The winning bidder'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 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.

Pursuant to the Rule, the Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and operating data, and event notices. To its knowledge, in the past five years, the Town has not failed to comply in any material respect with its undertakings under such agreements.

Rating

S&P Global Ratings has assigned a rating of AAA to the Bonds. The Town furnished to the rating agency certain information and materials requested by such agency, some of which may not have been included in this Official Statement. Such rating reflects only the views of the rating agency and will be subject to revision or withdrawal, which could affect the market price of the Bonds. The rating agency should be contacted directly for an explanation of rating.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions on its own. There can be no assurance that any rating on the Bonds will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town's outstanding debt obligations, including the Bonds.

The Town may issue short-term or other debt for which a rating is not required. The Town's Municipal Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

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SECTION II – THE ISSUER



Description of the Municipality

Haddam, which is located in the lower Connecticut River Valley in Middlesex County, is a vibrant community with a rich heritage, historic architecture and distinct villages including Haddam, Higganum, Haddam Neck and Tylerville. The Town was once graced with a brisk river trade, shipbuilding, granite quarries and pre-industrial revolution water powered mills. Today, the Town's main industries are marinas, manufacture of metal-working machinery, yacht design, environmental consulting, printed circuits, wire products, plastics, molding, extruding, and offset printing. Incorporated in 1668, Haddam is a town in a rural picturesque setting, yet is only 10 minutes from Middletown and Wesleyan University, 20 minutes from the shoreline and 30 minutes from Hartford and New Haven. The Town has a population of 8,338 as of 2015 according to the U.S. Census Bureau American Community Survey. The Town is spread out over 46.4 square miles. In addition to being adjacent to the Connecticut River, Haddam is host to 6,000 acres of State owned forest, park, and wildlife land offering various recreational opportunities.

Lying in Middlesex County in the south-central part of the state, Haddam is contiguous to the Towns of Middletown and East Hampton to the north, East Haddam to the east, Chester and Killingworth to the south, and Durham to the west. Haddam is served by limited access State Route 9 connecting to 1-91 to the north and 1-95 to the south along with State Routes, 81, 82, and 154. The Valley Railroad, a tourist destination, runs north-south through the Town to Essex in the south. Freight services are provided by numerous motor common carriers.

The Town has the unique distinction of being the only municipality in the State of Connecticut that is bisected by the Connecticut River with residents on both sides. The river has long played a significant role in the development of Haddam as a source of income, transportation and recreation. Today the Town is primarily a bedroom residential community with an excellent school system and acres of recreational open space. Median family income in 2015 was \$116,367 and per capita income amounted to \$46,119, 18.9% above the state average of \$38,803.

In 1685 a group of residents settled East Haddam, which became a separate town in 1734. Haddam Neck, which is also on the east side of the river, was settled around 1712 but remained a part of Haddam. Higganum was settled between 1685 and 1700 and was given the name "Hegamumpus," which means "at axe rock." Higganum Landing became a successful river port and shipbuilding center. Shailerville and Tylerville villages, which became home to shipbuilders, mariners, merchants and ferrymen, were settled in the late 17th century. Later areas to be settled included Ponsett, Candlewood Hill, Little City, Burr and Turkey Hill.

During the Revolutionary War Haddam was a provision town and supplied troops with fish, beef, and pork and housed George Washington's dragoons' horses in the winter of 1778. Haddam men served in the local militia and participated in privateering, the state sanctioned practice of capturing enemy ships.

After the war many Haddam residents emigrated west to places such as New York and Ohio because of the depletion of farmland. Trade and industry, including shipbuilding, fishing and quarrying, expanded in early 19th century Haddam. Two large granite quarries employed many residents and sent curb and building stone to large U.S. cities such as New York, Boston and New Orleans. Schooners, sloops and brigs built at local yards sailed the world and participated in coastal and West Indies trade.

In 1785 Middlesex County was formed from portions of Hartford and New London Counties, and Haddam and Middletown were both designated county seats. The municipalities were required to build a court house and jail and shared court responsibilities for over 100 years. The court system moved entirely to Middletown in the 1880s, but the jail in Haddam remained active until the early 1970s. In 1802 the Middlesex Turnpike opened through the Town and served as the main overland route between Hartford and the shoreline. This turnpike provided easier communication and commercial growth for the Town. The Connecticut Valley Railroad was built in 1871, and Haddam boasted five stations from Goodspeed's to Higganum.

Large scale industry came to Higganum in the early 19th century and originally used water power to run the factories. Higganum Manufacturing (later Clark Cutaway Harrow) built the Higganum Reservoir to power its factory which produced farming implements and became one of the largest employers in Town. Starting in 1844 D. & H. Scovil Hoe Company used the water power of Candlewood Hill Brook to manufacture planters hoes and employed many area residents well into the 20th century. Russell Manufacturing was located on the Higganum River and produced elastic webbing, belting and suspenders. These industries brought many immigrants to the community including Swedish, Irish, Italians to name a few. By the mid-20th century, most industry had moved or had been scaled back, and Haddam became a primarily suburban residential community. One exception was the construction of the Connecticut Yankee Atomic Power Plant which was built in Haddam Neck in 1968 and produced more than 110 billion kilowatt hours before closing in 1996.

The 20th century brought many changes to Haddam including the automobile, two World Wars, a Depression and tremendous population growth. By the 1950s most residents were working and shopping outside of Haddam in Middletown, Hartford or New Haven. However, today both Higganum and Tylerville villages remain viable commercial centers for a small town. Haddam has responded to the needs of its residents with the building of new schools for the regionalized school system, a fire house, a Town Office building, a transfer station, and the adaptive reuse and renovation of older buildings to provide a host of services and programs for the population. The community also has seven houses of worship, many having a long history in Haddam.

Form of Government

Haddam is governed by a Selectmen/Town Meeting form of government under a charter first adopted in 1975 and last amended in 2002. An elected three member Board of Selectmen and an elected six-member Board of Finance oversee the executive and financial functions of the Town. The full-time First Selectman, who is the Chief Executive and administrative officer of the Town, presides over the Board of Selectmen with full voting powers, and serves *ex-officio* (without vote) on all Town boards and commissions. The Charter provides for the separate election of the First Selectman and the Board of Selectmen and the election of the Town Clerk, Tax Collector, and Treasurer. The Board of Finance is the chief financial and budget-making authority of the Town, sets the mill rate, and levies taxes sufficient to fund the Town budget after it has been approved.

Educational services are provided by Regional School District No. 17 which is governed by an elected Board of Education with representation from the member towns of Haddam and Killingworth.

Principal Municipal Officials

Office	Name	Manner of Selection	Current Term	Length of Service
First Selectman.....	Lizz Milardo	Elected	11/15-11/17	2 years
Selectman.....	Sean Donlan	Elected	11/15-11/17	6 years
Selectman.....	Robert P. Duval	Elected	11/15-11/17	8 years
Board of Finance, Chairman	Joseph Centofanti	Elected	11/13-11/17	4 years
Finance Director	Barbara J. Bertrand	Appointed	Indefinite	1.5 year
Treasurer	Robin C. Munster	Elected	11/15-11/17	8 years
Finance & Office Coordinator	Georgia Emanuel	Appointed	Indefinite	16 years
Assessor	Jennifer Gauthier	Appointed	Indefinite	.5 years
Tax Collector	Kristin Battistoni	Elected	11/15-11/17	2 years
Town Clerk	Scott R. Brookes	Elected	11/15-11/17	3 years
Superintendent of Schools - RSD 17 ...	Howard Thiery	Appointed	3 years	6 years

Summary of Municipal Services

Public Safety: Police protection is provided by the State of Connecticut Resident State Trooper Program. The Town has two troopers assigned to the Town as part of Troop F that patrols the Town 24 hours a day, seven days a week. All emergency calls are dispatched by the State Police department's 911 emergency number.

Fire Protection is provided by a volunteer fire department. There are four fire stations in the Town; one in Haddam Neck on the east side of the Connecticut River and three others on the west side of the river. Approximately 60 volunteers assist in emergency response in Town. Additionally, there are two chiefs and two assistant chiefs. Emergency equipment includes two brush trucks, one heavy brush truck, one mini attack pumper, three Class A pumper trucks, one 2,500 gallon Class A pumper truck, one heavy rescue truck, a rescue boat and a command car. All 911 calls are dispatched by Valley Shore Emergency Communications located at the State Police barracks.

Public Works: The Town of Haddam Public Works Department is responsible for planning, design, construction and maintenance of town-owned roadways, drains, buildings, grounds, equipment, and services. The Town employs 10 individuals on a full time basis and two part time employees.

Utilities: Haddam is served by AT&T for land line telephone service and by various other vendors for cellular service. Broadband Internet access is provided by Verizon and SBC Global. Cable television services are provided by Comcast. Connecticut Light and Power provides electricity. Natural gas and bottled propane are available through retailers in the commercial area.

Solid Waste: The Town owns and operates a municipal transfer station on Saybrook Road. The facility was redesigned and renovated in 2012. The transfer station is available to all residents of the Town through the annual purchase of a permit. Some residents choose to have private curb-side pick-up at their residence. Municipal solid waste is transferred to the CRRRA facilities in Hartford. Income is generated to operate the transfer station through the sale of permits and the revenue generated by recyclables such as glass, paper and metals.

Emergency Medical Assistance: Haddam has a 24-hour volunteer ambulance service and fire protection that is dispatched through Valley Emergency Communications. Support for the ambulance service is made through donations of its users, the community, insurance claims, and the Town. Modern equipment is available and continuous training provided. In addition, each of the fire departments and the police department serve as first emergency medical service responders until the ambulance or paramedic arrive on the scene.

Health Department: The Town is served by the Chatham Health District, a regional district that serves Haddam and neighboring towns. The Town also has a Department of Public Health with one full time employee. Together the Chatham Health District and the Haddam Department of Public Health promote, protect and improve the health of the residents of Haddam by monitoring health concerns, hosting flu clinics, and offering health education. The Chatham Health District's three main responsibilities are to provide environmental services (septic system inspection), food services (restaurant inspections), and health information.

Economic and Community Development: The Town's economic and community development services are delivered through its Economic Development Commission, the Town Planner, and the Economic Development Coordinator. These entities assist existing businesses, recruit new businesses, oversee development of Town owned properties, administer a fixed assessment program for redevelopment, and act as a catalyst for the development of community infrastructure.

The Economic Development Coordinator seeks to advocate, market, and promote projects through the implementation of redevelopment and revitalization programs for an improved Haddam such as local events and festivals, the Farmers Market, and participation with the local Chamber of Commerce.

Library: The Brainerd Public Library is open Tuesday through Saturday for a total of 60 hours a week. The Library is governed by a thirteen member Board of Trustees elected during biennial elections. The library itself is staffed with 10 part time staff people and one director. The Library hosts many events and educational programs including children's reading programs, adult continuing education, the Taste of Haddam, various speakers, and ice cream socials. The Library also provides Internet access via seven computers.

Parks and Recreation: Town residents enjoy various parks furnished by the Town and the State of Connecticut. The Park and Recreation Commission is a five member body that is charged with the development, organization and supervision of the recreational programs in Town. The Town owns and operates several facilities including the Great Hill Athletic Complex and the Brickyard ball field. Additional fields are provided through the Recreation Department at the Regional School District property that Haddam shares with the neighboring Town of Killingworth.

Educational System

The Haddam public school system is administered by Regional School District No. 17 (the "District"). The District was organized in 1972 under the provisions of the Connecticut General Statutes after approval by the voters of the Towns of Haddam and Killingworth. The District is governed by a biennially elected eleven-member Board of Education, six from Haddam and five from Killingworth whose members serve staggered terms conforming with the "one man one vote" concept. Members are elected for overlapping terms of four years every other election. The Superintendent of Schools has administrative authority over the District's high school, middle school, and elementary schools. Member towns are assessed for the operating costs of the District each budget cycle based on their average daily membership (ADM) of students as of October 1 of the preceding fiscal year. For the 2016-2017 fiscal year, Haddam's ADM share of the budget is 59% and Killingworth's share is 41%.

<i>School Facilities</i>					
<i>School</i>	<i>Grades</i>	<i>Date of Construction (Latest Additions)</i>	<i>Number of Classrooms</i>	<i>Enrollment as of 10/1/2016</i>	<i>Operating Capacity</i>
Haddam Elementary.....	PreK - 4	1948 ('62, '88, '89)	21	189	433
Burr Elementary.....	PreK - 4	1969	33	277	494
Killingworth Elementary.....	PreK - 4	1948 ('89)	33	263	594
Haddam/Killingworth Middle.....	5-8	2006	36	727	900
Haddam/Killingworth High.....	9-12	1976	51	648	780
<i>Total</i>			174	2,104	3,201

School Enrollments

School Year	Grades Pre-K - 4	Grades 5 - 8	Grades 9 - 12	Non-Graded	Total
<i>Historical</i>					
2007-08	988	842	716	14	2,560
2008-09	1,010	812	719	11	2,552
2009-10	1,008	800	686	10	2,504
2010-11	1,000	801	680	11	2,492
2011-12	954	770	657	11	2,392
2012-13	912	768	633	8	2,321
2013-14	848	799	620	10	2,277
2014-15	798	762	615	13	2,188
2015-16	754	746	618	17	2,135
2016-17	729	727	648	12	2,116
<i>Projected</i>					
2017-18	717	669	713	16	2,115

Source: Town of Haddam, Board of Education.

Municipal Employees

	2016-17	2015-16	2014-15	2013-14	2012-13
General Government	26	26	26	26	26

Municipal Employees Bargaining Organizations

General Government	Number of Members	Contract Expiration Date
Clerks - SEIU/CSEA, AFL-CIO, Local 2001	11	6/30/2017 ¹
Town Office Building Employees Non Union	15	N/A
Total	26	

¹ In negotiations

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 an 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. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, 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 the 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 the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population Trends and Densities

Year	Actual Population¹	% Increase	Density²
2015 ³	8,338	-0.1%	179.7
2010	8,346	16.6%	179.9
2000	7,157	5.7%	154.2
1990	6,769	6.0%	145.9
1980	6,383	28.4%	137.6
1970	4,971	42.0%	107.1
1960	3,500	--	75.4

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

² Per square mile: 46.4 square miles.

³ American Community Survey 2011-2015

Age Distribution of the Population

Age	Town of Haddam		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	259	3.1%	191,445	5.3%
5 to 9 years	590	7.1	214,983	6.0%
10 to 14 years	486	5.8	231,075	6.4%
15 to 19 years	624	7.5	255,286	7.1%
20 to 24 years	386	4.6	237,578	6.6%
25 to 34 years	677	8.1	436,678	12.2%
35 to 44 years	1,062	12.7	448,840	12.5%
45 to 54 years	1,456	17.5	556,454	15.5%
55 to 59 years	831	10.0	259,565	7.2%
60 to 64 years	604	7.2	219,040	6.1%
65 to 74 years	804	9.6	291,955	8.1%
75 to 84 years	368	4.4	162,332	4.5%
85 years and over	191	2.3	87,991	2.4%
Total.....	8,338	100%	3,593,222	100%
Median Age (Years) 2015	46.2		40.4	
Median Age (Years) 2010. ¹	44.4		40.0	

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

Source: American Community Survey 2011-2015

Income Levels

	Town of Haddam	State of Connecticut
Per Capita Income, 2015	\$ 46,119	\$ 38,803
Median Family Income, 2015	\$ 116,367	\$ 89,031
Median Household Income, 2015	\$ 99,866	\$ 70,331

Source: American Community Survey 2011-2015

Income Distribution

Income	Town of Haddam		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	47	1.9%	30,926	3.5%
10,000 - 14,999.....	129	5.3	18,063	2.0%
15,000 - 24,999.....	45	1.9	46,085	5.1%
25,000 - 34,999.....	-	0.0	55,715	6.2%
35,000 - 49,999.....	120	5.0	83,173	9.3%
50,000 - 74,999.....	259	10.7	139,724	15.6%
75,000 - 99,999.....	377	15.6	126,557	14.1%
100,000 - 149,999.....	655	27.1	183,030	20.4%
150,000 - 199,999.....	388	16.0	94,575	10.6%
200,000 and over.....	401	16.6	117,791	13.2%
Total.....	2,421	100.0%	895,639	100.0%

Source: American Community Survey 2011-2015

Educational Attainment

Years of School Completed – Age 25 and Over

	Town of Haddam		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	62	1.2%	105,725	4.3%
9th to 12th grade.....	117	2.0	144,132	5.9
High School graduate.....	1,325	24.9	673,973	27.4
Some college, no degree.....	925	16.3	430,129	17.5
Associate's degree	509	10.5	183,289	7.4
Bachelor's degree.....	1,619	24.9	516,001	21.0
Graduate or professional degree.....	1,436	20.1	409,606	16.6
Total.....	5,854	100.0%	2,462,855	100.0%
Total high school graduate or higher (%).....		97.0%		89.9%
Total bachelor's degree or higher (%).....		51.0%		37.6%

Source: American Community Survey 2011-2015

Major Employers As of March 2017

Employer	Type of Business	Approximate Number of Employees
Regional School District No. 17	Education	400
The Saybrook at Haddam	Assisted Living Facility	100
The River House at Goodspeed	Banquet Facility	75
Town of Haddam	Municipality	30
Dunkin Donuts	Coffe & Pastry Store	15
Higgannum Village Market	Grocery Store	15

Labor Force Data

Period	Town of Haddam		Percentage Unemployed		
	Employed	Unemployed	Town of Haddam	Hartford Labor Market	State of Connecticut
January 2017	4,918	183	3.6	5.1	5.1
Annual Average					
2016.....	4,867	185	3.7	5.3	5.3
2015.....	4,889	203	4.0	5.6	5.6
2014.....	4,925	245	4.8	6.7	6.7
2013.....	4,832	284	5.6	7.9	7.9
2012.....	4,917	317	6.0	8.4	8.3
2011.....	4,704	316	6.3	8.9	8.9
2010.....	4,695	342	6.8	9.2	8.7
2009.....	4,717	296	5.9	8.5	8.2
2008.....	4,736	196	4.0	5.8	5.7
2007.....	4,705	154	3.2	4.7	4.6

Source: State of Connecticut, Department of Labor.

Industry Classification

Sector	Town of Haddam		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	22	0.5%	7,214	0.4%
Construction.....	248	5.3	100,593	5.6
Manufacturing.....	777	16.5	191,286	10.7
Wholesale trade.....	96	2.0	44,581	2.5
Retail trade.....	351	7.5	193,799	10.9
Transportation warehousing, and utilities.....	49	1.0	66,850	3.8
Information.....	107	2.3	41,486	2.3
Finance, insurance, real estate, and leasing....	312	6.6	163,822	9.2
Professional, scientific, management, administrative, and waste management.....	633	13.5	199,942	11.2
Education, health and social services.....	1,173	25.0	471,587	26.5
Arts, entertainment, recreation, accommodation and food services.....	556	11.8	153,516	8.6
Other services (except public admin.).....	140	3.0	79,998	4.5
Public Administration.....	237	5.0	66,743	3.7
Total Labor Force, Employed.....	4,701	100.0%	1,781,417	100.0%

Source: American Community Survey 2011-2015

**Commute to Work
16 years of age and over**

	Town of Haddam		State of Connecticut	
	Number	Percent	Number	Percent
Drove alone	4,051	87.3%	1,369,767	78.3%
Car pools	299	6.4	143,588	8.2
Used public transportation	67	1.4	84,597	4.8
Walked	18	0.4	53,146	3.0
Used other means	39	0.8	20,584	1.2
Worked at home	167	3.6	76,670	4.4
Total	4,641	100.0%	1,748,352	100.0%

Mean travel to work (minutes) 27.1 25.4

Source: American Community Survey 2011-2015

Building Permits

Ending 6/30	Residential		Commercial / Industrial		All Categories	
	No.	Value	No.	Value	No.	Value
2017 ¹	5	\$ 1,153,813	1	\$ 1,000	6	\$ 1,154,813
2016	16	2,374,290	16	328,200	32	2,702,490
2015	16	2,563,943	22	769,120	38	3,333,063
2014	17	3,379,883	25	3,854,485	42	7,234,368
2013	17	1,837,265	30	836,215	47	2,673,480
2012	21	3,351,911	13	845,910	34	4,197,821
2011	17	2,295,365	6	227,155	23	2,522,520
2010	29	5,569,505	6	602,500	35	6,172,005
2009	22	3,354,693	17	808,323	39	4,163,016
2008	49	9,559,824	14	1,802,700	63	11,362,524

¹ Numbers are only from 7/1/16 through 12/31/16.

Age Distribution of Housing

Year Built	Town of Haddam		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	457	12.9%	331,829	22.2%
1940 to 1969.....	1,037	29.2	536,501	36.0
1970 to 1979.....	798	22.5	199,447	13.4
1980 to 1989.....	464	13.1	193,595	13.0
1990 to 1999.....	311	8.8	115,076	7.7
2000 or 2009.....	452	12.7	103,911	7.0
2010 or later.....	33	0.9	11,427	0.8
Total Housing Units, 2015.....	3,552	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015

Housing Units by Type of Structure

Housing Units	Town of Haddam		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	3,327	93.7%	882,941	59.2%
1-unit, attached.....	14	0.4	80,636	5.4
2 units.....	70	2.0	121,410	8.1
3 or 4 units.....	53	1.5	132,512	8.9
5 to 9 units.....	27	0.8	82,727	5.5
10 to 19 units.....	12	0.3	55,826	3.7
20 or more units.....	49	1.4	123,561	8.3
Mobile home.....	-	-	11,898	0.8
Boat, RV, van, etc.....	-	-	275	0.0
Total Inventory.....	3,552	100.0%	1,491,786	100.0%

Source: American Community Survey 2011-2015

Housing Unit Vacancy Rates

Housing Units	Town of Haddam		State of Connecticut	
	Units	Percent	Units	Percent
Occupied housing units	3,268	92.0%	1,352,583	90.7%
Vacant housing units	284	8.0%	139,203	9.3%
Total units	3,552	100.0%	1,491,786	100.0%
Homeowner vacancy rate	-	0.0%	-	1.8%
Rental vacancy rate	-	0.0%	-	6.8%

Source: American Community Survey 2011-2015

Owner-occupied Housing Units

Specified Owner-Occupied Units	Town of Haddam		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	36	1.2%	24,620	2.7%
\$50,000 to \$99,000.....	9	0.3	28,771	3.2
\$100,000 to \$149,999.....	97	3.3	78,066	8.6
\$150,000 to \$199,000.....	224	7.6	140,544	15.5
\$200,000 to \$299,999.....	1,011	34.2	251,106	27.7
\$300,000 to \$499,999.....	1,263	42.7	235,670	26.0
\$500,000 to \$999,999.....	269	9.1	106,965	11.8
\$1,000,000 or more.....	51	1.7	40,485	4.5
Total.....	2,960	100.0%	906,227	100.0%
Median Value.....	\$313,300		\$270,500	

Source: American Community Survey 2011-2015

Number and Size of Households

<i>Household Characteristics</i>	<i>Town of Haddam</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Persons in households	8,291	–	1,352,583	–
Persons per household (average)	2.54	–	2.57	–
Persons per family (average)	2.98	–	3.17	–
Family households	2,421	74.1%	895,639	66.2%
Non-family households	847	25.9%	456,944	33.8%
All households	3,268	100.0%	1,352,583	100.0%
 <i>Family households by type</i>				
Married couple	2,022	83.5%	661,596	73.9%
Female householders, no spouse ...	278	11.5%	175,228	19.6%
Other	121	5.0%	58,815	6.6%
Total family households	2,421	100.0%	895,639	100.0%
 <i>Non-family households by type</i>				
Householders living alone	701	82.8%	378,145	82.8%
Other	146	17.2%	78,799	17.2%
Total non-family households	847	100.0%	456,944	100.0%

Source: American Community Survey 2011-2015

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SECTION IV – TAX BASE DATA

Property Tax Assessments

Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The Town completed its last physical revaluation for the October 1, 2015 grand list, which became effective for the 2016-2017 fiscal year. The Town's next revaluation is scheduled for October 1, 2020 grand list which will become effective for the 2021-2022 fiscal year. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor. The grand list represents the total of assessed value for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town as of October 1. Each year the Town's Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real estate are computed at seventy percent (70%) of the estimated market value at the time of the last revaluation. Assessments for personal property and motor vehicles are computed at seventy percent (70%) of the current fair market value.

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 Inspector. Upon issuance of a certificate of completion, a physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the State Office of Policy and Management (OPM). OPM has historically recommended the use of the National Automobile Dealers Association pricing schedules. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Department of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 grand list. However, the tax is prorated, and the proration is based on the period of time from the date of registration until the following October 1. Cars purchased in August and September are not taxed until the next October 1 grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October grand list, the taxpayer is entitled to certain credits.

All personal property of businesses in Town (furniture, fixtures, equipment, machinery, supplies, non-registered vehicles and leased equipment) is revalued annually. Random audits are completed periodically.

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 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 6% per annum, or 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 taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes over \$100 are generally payable in two equal installments on July 1 and January 1. Motor vehicle bills are payable in one installment during the month of July 1. Motor vehicle supplemental bills are payable on January 1. 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, real property and personal property tax accounts that are deemed uncollectible are transferred to a suspense account at which time they cease to be carried as receivables. Tax accounts are transferred to a suspense account 15 years after the due date in accordance with State statutes.

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) 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.

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.

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the “Act”) created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. The Town’s mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 31.20 mills.

**Comparative Assessed Valuations
Taxable Grand List**

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
	Real Property (%)	Real Property (%)	Real Property (%)						
2016	74.5	6.1	3.6	8.1	7.8	\$ 912,557,266	\$ 3,478,616	\$ 909,078,650	1.31%
2015 ¹	74.8	5.2	3.8	8.6	7.5	900,281,072	2,954,390	897,326,682	(1.70)
2014	76.5	5.8	3.8	6.4	7.4	915,601,098	2,736,250	912,864,848	0.84
2013	76.7	5.7	4.0	6.3	7.4	907,843,923	2,573,850	905,270,073	0.62
2012	76.7	5.7	3.9	6.3	7.4	902,810,115	3,115,731	899,694,384	0.27
2011	76.4	5.7	4.3	6.2	7.4	900,295,746	2,991,166	897,304,580	0.78
2010 ¹	76.5	5.9	4.2	6.2	7.2	893,578,105	3,244,997	890,333,108	(0.88)
2009	76.9	5.5	5.3	5.7	6.6	901,998,360	3,752,053	898,246,307	1.31
2008	76.6	5.5	5.7	6.0	6.4	896,427,410	9,766,668	886,660,742	0.30
2007	75.8	5.6	6.0	6.2	6.8	887,761,240	3,775,941	883,985,299	-

¹ Revaluation.

Major Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Yankee Atomic Power Co. ...	Electric Utility	\$ 44,181,040	4.86%
Connecticut Light & Power	Electric Utility	41,913,990	4.61%
MCAP Sabine Pointe LLC	Commercial Real Estate	7,810,750	0.86%
Riverhouse Properties	Residential Developer	2,108,730	0.23%
The Davidson Company	Residential Developer	2,037,160	0.22%
Rogers Realty LLC	Residential Developer	1,487,430	0.16%
Bridget Street Associated	Commercial Real Estate	1,473,220	0.16%
Camp Bethel Assoc. Inc.	Religious Camp	1,463,320	0.16%
Haddam Self Storage LLC	Storage Units	1,239,940	0.14%
Mark E Scheinberg	Developer	1,206,000	0.13%
Total		\$ 104,921,580	11.54%

¹ Based on October 1, 2016 Net Taxable Grand List of \$909,078,650.

Source: Tax Assessor, Town of Haddam

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Grand List of 10/1	Net Taxable Grand List (000s)	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2016 ¹
2017 ^{1,2}	2015	\$ 897,326,682	31.20	\$ 27,868,349	<i>IN COLLECTION</i>		
2016	2014	912,864,848	31.20	28,544,380	99.0	1.0	1.00%
2015	2013	905,270,073	30.39	27,531,502	99.0	1.0	0.40%
2014	2012	899,694,384	29.48	26,502,050	98.9	1.1	0.20%
2013	2011	897,304,580	28.99	25,988,671	99.0	1.0	0.20%
2012 ²	2010	890,333,108	28.23	24,978,536	98.7	1.3	-
2011	2009	898,246,307	27.40	24,630,705	98.7	1.3	-
2010	2008	886,660,742	26.40	23,381,524	98.7	1.3	-
2009	2007	883,985,299	26.00	22,944,559	98.5	1.5	-

¹ Subject to audit.

² Revaluation.

Sources: Tax Collector's Office, Town of Haddam.

Property Taxes Receivable

Fiscal Year Ending 6/30	Town of Haddam	
	Current Year	Total
2016	\$ 293,970	\$ 1,163,632
2015	265,516	1,115,297
2014	300,766	1,147,186
2013	265,055	1,222,179
2012	314,367	1,222,366
2011	308,018	1,212,929
2010	301,963	1,296,923
2009	352,818	1,368,697
2008	335,567	1,356,318

SECTION V – DEBT SECTION

**Outstanding Bonded Debt
Pro Forma
As of May 25, 2017**

<i>Dated</i>	<i>Purpose</i>	<i>Rate %</i>	<i>Amount of Original Issue</i>	<i>Outstanding After This Issue</i>	<i>Final Maturity</i>
08/30/12	General Purpose	2.00-3.00	\$ 2,800,000	\$ 2,240,000	2033
	<i>Total Outstanding.....</i>		\$ 2,800,000	\$ 2,240,000	
<i>This Issue</i>					
05/25/17	General Purpose	1.45-4.00	\$ 6,480,000	\$ 6,480,000	2037
	<i>Sub-Total This Issue.....</i>		6,480,000	6,480,000	
	<i>Total.....</i>		\$ 9,280,000	\$ 8,720,000	

**Outstanding Short-term Debt
Pro Forma
As of May 25, 2017**

The Town does not have any outstanding short-term debt.

Overlapping Debt

The following table of jurisdictions with boundaries overlapping or underlying Town boundaries is based upon information received by the Town from sources specified below. The table does not reflect authorized but unissued indebtedness of those jurisdictions. Haddam has not assumed responsibility to verify this information.

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Haddam ADM%</u>	<u>Haddam Obligation</u>
Regional School District No. 17	\$9,695,000	58.82%	\$5,702,599

For the fiscal year 2016, Haddam is responsible for 58.82% of the District's outstanding indebtedness of \$9,695,000 as of June 30, 2016, or \$5,702,599. The Town pledges its full faith and credit towards the payment of its share of the District's debt. Payments are made to the District on July 15 (5%), August 15 (10%), September 15 (15%), October 15 (15%), November 15 (10%), January 15 (5%), February 15 (15%), March 15 (15%), and April 15 (10%) by the member towns. A member town may withdraw from the District pursuant to a vote of the legislative bodies of the respective towns and may apply to the regional board of education to institute procedures for the dissolution of the District as referred to in Connecticut General Statutes Section 10-63a through f. Such withdrawal or dissolution shall not impair the obligation of the withdrawing town or the District to holders of any bonds or other outstanding indebtedness issued prior to withdrawal or dissolution, per Connecticut General Statutes 10-63f.

Underlying Debt

The Town of Haddam has no underlying taxing districts which might levy taxes or issue debt.

**Bonded Debt Maturity Schedule
Pro Forma
As of May 25, 2017**

Fiscal Year Ended 6/30	Principal	Interest	Total	This issue:	Total Principal	Cumulative Principal Retired %
2017 ¹	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2018	140,000	55,965	195,965	325,000	465,000	5.3%
2019	140,000	51,765	191,765	325,000	465,000	10.7%
2020	140,000	47,565	187,565	325,000	465,000	16.0%
2021	140,000	43,365	183,365	325,000	465,000	21.3%
2022	140,000	39,165	179,165	325,000	465,000	26.7%
2023	140,000	34,965	174,965	325,000	465,000	32.0%
2024	140,000	31,465	171,465	325,000	465,000	37.3%
2025	140,000	28,665	168,665	325,000	465,000	42.7%
2026	140,000	25,778	165,778	325,000	465,000	48.0%
2027	140,000	22,750	162,750	325,000	465,000	53.3%
2028	140,000	19,600	159,600	325,000	465,000	58.7%
2029	140,000	16,310	156,310	325,000	465,000	64.0%
2030	140,000	12,880	152,880	325,000	465,000	69.3%
2031	140,000	9,345	149,345	325,000	465,000	74.7%
2032	140,000	5,705	145,705	325,000	465,000	80.0%
2033	140,000	1,925	141,925	325,000	465,000	85.3%
2034	-	-	-	320,000	320,000	89.0%
2035	-	-	-	320,000	320,000	92.7%
2036	-	-	-	320,000	320,000	96.3%
2037	-	-	-	320,000	320,000	100.0%
Total.....	\$ 2,240,000	\$ 447,213	\$ 2,687,213	\$ 6,480,000	\$ 8,720,000	

¹ Excludes \$140,000 in principal and \$60,165 in interest payments made from July 1, 2016 through May 25, 2017.

**THE TOWN OF HADDAM HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
BONDS OR NOTES EITHER AS TO PRINCIPAL OR INTEREST**

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**Current Debt Statement
Pro Forma
As of May 25, 2017**

Long-Term Debt Outstanding:

General Purpose (Includes This Issue)	\$ 8,720,000
Schools.....	-
Sewer.....	-
Total Long-Term Debt	8,720,000
Short-Term Debt	-
Total Direct Debt	8,720,000
Less: School Construction Grants Receivable (As of June 30, 2016) ¹	-
Total Direct Net Debt	8,720,000
Overlapping - RSD#17 Share of Debt (As of June 30, 2016).....	5,702,599
Total Overall Net Debt	\$ 14,422,599

¹ The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios
Pro Forma
As of May 25, 2017**

Population ¹	8,338
Net Taxable Grand List at 70% of Full Value (10/1/16)	\$ 909,078,650
Estimated Full Value	\$ 1,298,683,786
Equalized Net Taxable Grand List (10/1/14) ²	\$ 1,270,545,275
Money Income per Capita (2015) ¹	\$ 46,119

	Total Direct Debt:	Total Overall Net Debt:
	\$8,720,000	\$14,422,599
Debt per Capita.....	\$1,045.81	\$1,729.74
Ratio to Net Taxable Grand List.....	0.96%	1.59%
Ratio to Estimated Full Value.....	0.67%	1.11%
Ratio to Equalized Grand List.....	0.69%	1.14%
Debt per Capita to Money Income per Capita.....	2.27%	3.75%

¹ American Community Survey 2011-2015

² Office of Policy and Management, State of Connecticut.

Authority to Incur Debt

The issuance of bonds or notes must be recommended by the Board of Finance and authorized by the enactment of a bond ordinance at a Town Meeting. The authorization to issue refunding bonds may be approved only by the Board of Selectmen (CGS Sec. 7-370c).

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 temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than 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 building 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 the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may

renew the 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 fifteen 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 certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to fifteen 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).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation. Annual receipts from taxation (the "base,") are defined as total tax collections (including interest and penalties) and state payments for revenue loss under the Connecticut General Statutes Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

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**Statement of Statutory Debt Limitation
Pro Forma
As of May 25, 2017**

Debt Margin

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2016 \$ 28,573,294

Reimbursement For Revenue Loss:

Tax relief for elderly..... 40,475

Base for Debt Limitation Computation..... \$ 28,613,769

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1 /4 times base.....	\$ 64,380,980	-	-	-	-
4 1 /2 times base.....	-	\$ 128,761,961	-	-	-
3 3 /4 times base.....	-	-	\$ 107,301,634	-	-
3 1 /4 times base.....	-	-	-	\$ 92,994,749	-
3 times base.....	-	-	-	-	\$ 85,841,307
Total Debt Limitation	\$ 64,380,980	\$ 128,761,961	\$ 107,301,634	\$ 92,994,749	\$ 85,841,307

Indebtedness:

Bonds Outstanding.....	2,240,000	-	-	-	-
Bonds (This Issue).....	6,480,000	-	-	-	-
Debt Authorized But Unissued	-	-	-	-	-
Total Indebtedness	8,720,000	-	-	-	-

Less:

State School Grants Receivable..... -

Total Net Indebtedness..... 8,720,000

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 55,660,980 \$ 128,761,961 \$ 107,301,634 \$ 92,994,749 \$ 85,841,307

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$200,296,383.

**Authorized but Unissued Debt
Pro Forma
As of May 25, 2017**

Project	Aggregate Amount	Maturing Notes	New Money	This Issue:	Authorized but Unissued
	Authorized	Due: 5/25/17		The Bonds	
Road Improvement	\$ 6,480,000	\$ 2,700,000	\$ 3,780,000	\$ 6,480,000	\$ -
Total	\$ 6,480,000	\$ 2,700,000	\$ 3,780,000	\$ 6,480,000	\$ -

**Principal Amount of Outstanding General Fund Debt
Last Five Fiscal Years Ending June 30**

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value ¹	Net Long-Term Debt ²	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)
				Value (%)	Value (%)		Capita	Income ⁴ (%)
2016	\$899,694,384	\$1,285,277,691	\$ 2,380,000	0.26%	0.19%	8,338	\$ 285.44	0.62%
2015	899,694,384	1,285,277,691	2,520,000	0.28%	0.20%	8,338	302.23	0.66%
2014	899,694,384	1,285,277,691	2,660,000	0.30%	0.21%	8,338	319.02	0.69%
2013	897,304,580	1,281,863,686	2,800,000	0.31%	0.22%	8,338	335.81	0.73%
2012	890,333,108	1,271,904,440	-	0.00%	0.00%	8,338	-	0.00%

¹ Assessment Ratio: 70%.

² Does not include capital leases.

³ U.S. Department of Commerce, Bureau of Census, American Community Survey 2011-2015.

⁴ Money Income per Capita: American Community Survey 2011-2015 data: \$46,119 used for all calculations.

**Ratios of Annual Long-Term General Fund Debt Service Expenditures
To Total General Fund Expenditures**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
			To Total General Fund Expenditures
2017 ²	\$ 700,165	\$ 31,458,013	2.23%
2016	254,285	30,735,379	0.83%
2015	257,785	29,782,617	0.87%
2014	49,921	29,072,351	0.17%
2013	49,921	28,081,546	0.18%
2012	49,921	27,419,015	0.18%
2011	87,019	26,793,185	0.32%

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary Basis of accounting. Subject to audit.

Source: 2011-2016 Annual Audited Financial Statements. 2017 Budget.

Five-year Capital Improvement Program

Purpose	Fiscal 2016-17	Fiscal 2017-18	Fiscal 2018-19	Fiscal 2019-20	Fiscal 2020-21	Total
General Government	\$ 105,000	\$ 69,000	\$ 70,000	\$ 35,000	\$ 35,000	\$ 314,000
Public Safety	424,000	846,000	1,021,000	1,371,000	1,401,000	5,063,000
Public Works	99,100	283,000	270,000	235,000	220,000	1,107,100
Culture & Recreation	15,000	90,000	135,000	122,500	67,500	430,000
Total	\$ 643,100	\$ 1,288,000	\$ 1,496,000	\$ 1,763,500	\$ 1,723,500	\$ 6,914,100

SECTION VI – FINANCIAL SECTION

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Accounting Policies and Basis of Accounting

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the general operating fund of the Town government. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – "Auditor's Section, Notes to Basic Financial Statements" herein.)

Budget Adoption Procedure

The Town follows the following procedures in establishing the budgetary data included in its General Fund Financial Statements.

<u>Timetable / Deadline</u>	<u>Action</u>
First Wednesday of March:	The Board of Selectmen presents preliminary budget for the Town to the Board of Finance
First Wednesday of April:	Board of Finance prepares preliminary budget
Third Wednesday of April:	Preliminary budget, as prepared by the Board of Finance, reviewed with the Board of Selectmen and Town agencies
First Wednesday of May:	Board of Finance holds public hearing on proposed budget
Third Wednesday of May:	Annual Budget Meeting accepts/rejects budget
Within one week of budget acceptance:	Board of Finance sets mill rate and levies tax on grand list

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including, but not limited to, debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the Act. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the Act and, if so, the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills.

Annual Audit

The Town of Haddam, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 7-397), is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Finance, is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ending June 30, 2016, the books and records of the Town were audited by Blum, Shapiro & Company, P.C. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Investment Practices

The operating and working capital funds of the Town are invested at the direction of the Treasurer in the following short-term investments: (1) various certificates of deposit with Connecticut banks (prior to acquiring a CD, the Treasurer requires the prospective bank depositories to provide written evidence that the bank meets the collateral, risk based capital, and other requirements of a "qualified public depository" as defined in Section 36-382 of the Connecticut General Statutes); (2) State of Connecticut Short-Term Investment Fund ("STIF") established pursuant to Section 3-27d of the Connecticut General Statutes (municipal funds deposited in STIF may be used by the State to acquire the investments set forth in Section 3-27d of the Connecticut General Statutes); (3) US Treasury securities; and (4) repurchase agreements generally for no longer than three days.

Eligible investments for Connecticut municipalities are defined in Sections 7-400 and 7-402 of the Connecticut General Statutes. The Town expects to continue to invest in the foregoing instruments and those of a similar character.

Pensions

Defined Benefit Plans

The Town maintains two single-employer defined benefit pension plans: The Town of Haddam Retirement Plan (the "Town Employees' Pension Plan") and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan (the "Volunteer Firefighters' Pension Plan") (collectively the "Plans"). Benefit provisions of the Plans are established and can be amended by the Board of Selectmen. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Plan Descriptions

Town Employees' Pension Plan

Each employee of the Town who is scheduled to work at least 30 hours per week for 12 months of the year is eligible to participate in this Plan. The Plan provides retirement benefits as well as death and disability benefits. Participants are 100% vested after seven years. Annual retirement benefits for plan participants are 2% of an employees' final average compensation multiplied by the number of years of credited service, up to a maximum of 30 years. The Connecticut General Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Haddam.

Volunteer Firefighters' Pension Plan

Each volunteer firefighter whose name is on the roster of the Haddam Volunteer Fire Company and the Haddam Neck Volunteer Fire Department as of the effective date of this Plan is eligible to participate in the Plan following one year of credited service. This Plan does not provide disability benefits. Under the provisions of the Plan, the Town must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Benefits and contributions are established by the Town. The Connecticut General Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Haddam.

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximate fair value. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Administrative costs are funded by the Town.

Funding Policy

Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town is required to annually contribute an actuarially determined amount to fund benefits. In addition to actuarially determined contributions, the Town also makes annual installment payments, including interest at 7%, for the cost of service credit granted retroactively to employees before funding began.

The Town’s last actuarial valuation for its plans was performed as of January 1, 2016. A new valuation will be performed for January 1, 2018.

For the fiscal year ended June 30, 2016, employer contributions to the Town Employees’ Pension Plan represented 20.38% of covered payroll.

Below are the contributions of the Town for the Town Employees’ and Volunteer Firefighters’ Pension Plans.

Town Employees' Pension Plan

Fiscal Year Ended	Actuarial Determined Contribution	Actual Contribution	Percentage of ADC Contributed	Covered Employee Payroll	Contributions as a % of Covered Payroll
6/30/2012	\$ 262,526	\$ 294,688	112.3%	\$ 1,150,309	25.62%
6/30/2013	227,608	262,526	115.3%	1,012,849	25.92%
6/30/2014	233,178	227,608	97.6%	1,001,353	22.73%
6/30/2015	256,565	240,000	93.5%	1,096,743	21.88%
6/30/2016	255,222	256,564	100.5%	1,258,691	20.38%

Volunteer Firefighters' Pension Plan

Fiscal Year Ended	Actuarial Determined Contribution	Actual Contribution	Percentage of ADC Contributed	Covered Employee Payroll	Contributions as a % of Covered Payroll
6/30/2012	\$ 77,239	\$ 108,110	140.0%	N/A	N/A
6/30/2013	73,893	92,000	124.5%	N/A	N/A
6/30/2014	56,936	82,646	145.2%	N/A	N/A
6/30/2015	60,922	83,000	136.2%	N/A	N/A
6/30/2016	96,615	60,922	63.1%	N/A	N/A

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Pension Liability

The components of the net pension liability of the Town at June 30, 2016 were as follows:

Town Employees' Pension Plan

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as % of Total Pension Liability
6/30/2014	\$ 4,586,279	\$ 4,096,337	\$ 489,942	89.3%
6/30/2015	4,982,498	4,229,618	752,880	84.9%
6/30/2016	5,307,228	4,301,980	1,005,248	81.1%

Volunteer Firefighters' Pension Plan

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as % of Total Pension Liability
6/30/2014	\$ 1,755,173	\$ 1,504,042	\$ 251,131	85.7%
6/30/2015	1,934,041	1,505,263	428,778	77.8%
6/30/2016	1,952,305	1,452,063	500,242	74.4%

Other Post-Employment Benefits (OPEB)

The Town does not offer post-employment benefits to any of its employees and therefore it has no OPEB liability.

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Comparative Balance Sheets – General Fund

	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Assets					
Cash and cash equivalents.....	\$ 9,016,672	\$ 8,108,834	\$ 7,261,131	\$ 6,924,444	\$ 6,458,553
Receivables:					
Property taxes	463,632	915,297	947,186	1,122,179	1,122,366
Intergovernmental	-	73,867	71,670	75,033	67,400
Other	1,324	12,033	15,658	40,385	46,588
Due from other funds	5,104	-	170,663	71,919	857,849
Total assets	9,486,732	9,110,031	8,466,308	8,233,960	8,552,756
Liabilities and Fund Balances					
Accounts payable	634,000	324,454	513,587	428,790	1,646,627
Accrued Salaries	462	29	35,321	28,574	26,267
Deferred revenue	-	-	-	1,122,179	1,122,366
Due to other funds.....	3,587,261	3,604,304	3,200,953	2,983,197	2,562,404
Total liabilities	4,221,723	3,928,787	3,749,861	4,562,740	5,357,664
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	463,632	915,297	947,186	-	-
Fund Balances					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	128,000	-	-	-	-
Unassigned.....	4,673,377	4,265,947	3,769,261	3,671,221	3,195,092
Total Fund Balance	4,801,377	4,265,947	3,769,261	3,671,221	3,195,092
Total Liabilities, Deferred Inflows of Resources and Fund Balances	9,486,732	9,110,031	8,466,308	8,233,961	8,552,756
Analysis of General Fund Balance					
Operating revenues	\$ 31,270,809	\$ 30,279,303	\$29,150,891	\$28,557,675	\$27,932,516
Fund balance as a percent of operating revenues	15.35%	14.09%	12.93%	12.86%	11.44%
Unassigned fund balance as a percent of operating revenues	14.94%	14.09%	12.93%	12.86%	11.44%

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
and Current Year Budget (Budgetary Basis)

	Budget 6/30/2017 ¹	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013
Revenues:					
Property Taxes	\$ 28,324,278	\$ 28,685,674	\$ 27,718,031	\$ 26,605,805	\$ 26,074,511
Intergovernmental.....	2,638,735	2,134,441	2,062,061	2,065,467	2,042,960
Charges for Services.....	440,000	413,788	468,861	458,540	423,587
Investment Income.....	22,000	36,906	30,350	21,079	16,617
Other Revenue.....	33,000	-	-	-	-
Total.....	31,458,013	31,270,809	30,279,303	29,150,891	28,557,675
Expenditures:					
General Government	2,758,164	2,334,129	2,193,121	2,156,365	2,355,152
Public Safety	782,531	880,787	880,332	875,619	854,064
Public Works	1,895,375	1,823,843	2,265,941	2,092,909	2,001,211
Health and Welfare.....	460,412	399,354	304,083	297,313	296,389
Culture and Recreation	535,967	529,841	535,287	518,521	513,115
Education	23,682,299	23,465,940	22,376,890	21,414,633	20,918,591
Debt Service	700,165	254,285	257,785	49,921	49,921
Capital Outlay	643,100	-	-	-	-
Total.....	31,458,013	29,688,179	28,813,439	27,405,281	26,988,443
Excess (Deficiency) of Revenues Over Expenditures.....	-	1,582,630	1,465,864	1,745,610	1,569,232
Other financing sources (uses):					
Proceeds from Sale on Property.....	-	-	-	19,500	-
Transfers In.....	-	-	-	-	-
Transfers Out.....	-	(1,047,200)	(969,178)	(1,667,070)	(1,093,103)
Total Other financing sources (uses).....	-	(1,047,200)	(969,178)	(1,647,570)	(1,093,103)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....	-	535,430	496,686	98,040	476,129
Fund Balance, Beginning of Year.....	4,801,377	4,265,947	3,769,261	3,671,221	3,195,092
Fund Balance, End of Year.....	\$ 4,801,377	\$ 4,801,377	\$ 4,265,947	\$ 3,769,261	\$ 3,671,221

¹ Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

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SECTION VII – ADDITIONAL INFORMATION

Litigation

The Town Attorney has advised that the Town of Haddam, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, and other miscellaneous claims. After consultation with Town officials and with other attorneys with regard to these pending lawsuits, it is the opinion of the Town Attorney that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Transcript and Closing Documents

The original purchaser of the Bonds will be furnished, subject to delivery of reoffering yield information as requested in the Notice of Sale, the following documentation when the Bonds are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. Certificates on behalf of the Town, signed by the First Selectman and the Treasurer, 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 on the date thereof and that at the time bids on the Bonds were accepted, 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 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. Receipts for the purchase price of the Bonds.
4. The approving opinion of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut as to the Bonds, substantially in the form attached as Appendix B.
5. Executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.
6. Within seven business days after the bid opening, the Town will furnish the original purchaser of the Bonds 25 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer. If the Town's municipal advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, yields or reoffering prices and the name of the underwriter of the Bonds and any changes on the Bonds. The purchaser will arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town, and may not be reproduced or used in whole or in part for any other purpose. Information set forth herein has been derived or obtained by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

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.

TOWN OF HADDAM, CONNECTICUT

By: /s/ *Lizz Milardo*

Lizz Milardo, *First Selectman*

By: /s/ *Robin C. Munster*

Robin C. Munster, *Treasurer*

By: /s/ *Barbara J. Bertrand*

Barbara J. Bertrand, *Finance Director*

Dated as of May 9, 2017

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Appendix A

2016 Financial Statements Excerpted from the Town's Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Haddam, Connecticut for the fiscal year ended June 30, 2016. The supplemental data that 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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BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Haddam, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Change in Accounting Principle

As discussed in Note 4 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

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 4 through 10 and the pension schedules on pages 41 through 45 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haddam, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The trend information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 on our consideration of the Town of Haddam, 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 the Town of Haddam, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 19, 2016

Management's Discussion and Analysis



Management's Discussion and Analysis For the Year Ended June 30, 2016

As management of the Town of Haddam, we offer readers of the Town's financial statements this overview and analysis of the financial activities of the Town of Haddam for the fiscal year ended June 30, 2016.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$27,209,248 (*net position*). Of this amount, \$7,998,063 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$780,446. This was due substantially to the activity of the Road Fund resulting in a decrease of \$218,797 and an increase in the net pension liability of \$323,832.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,701,475 an increase of \$437,753 in comparison with the prior year. This increase is substantially due to positive operating results of the General Fund of \$535,430 and the Capital and Nonrecurring Fund of \$112,737 offset by the decrease in the Road Fund of \$(218,797).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,673,377 which represents 15.2% percent of total General Fund expenditures and transfers out.
- Long-term liabilities increased by a net of \$106,831 due to the increase in the net pension liability offset by scheduled principal payments of \$187,897.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Haddam's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information for the Town as whole and attempt to present information in a way that helps answer this question. These statements are presented using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflow of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the *financial* health, or position of the Town, is improving or deteriorating.

30 Field Park Drive, Haddam, CT 06438
Phone (860) 345-8531*Fax (860) 345-3730

The *statement of activities* presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and long-term liabilities).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, and culture and recreation.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and others by grants agreements or Board of Finance action. However, the Town establishes many other funds to help it maintain control and manage resources that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary 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, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town'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 Town'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.

For 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 Capital Nonrecurring Fund and the Road Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Exhibits B-1 and B-2 in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' and volunteer firefighters' pension plans. It is also responsible for other assets that the Town has custody of, but belong to others. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits VI and VII). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the Town's pension funds as required by GASB 67 and GASB 68.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in Exhibits B-1 and B-2 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position decreased from \$27,989,694 to \$27,209,248.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**SUMMARY STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 10,155,839	\$ 10,298,596
Capital assets, net	<u>21,544,632</u>	<u>21,824,259</u>
Total assets	<u>31,700,471</u>	<u>32,122,855</u>
Deferred outflows of resources	<u>743,533</u>	<u>509,989</u>
Long-term liabilities	4,228,772	4,121,941
Other liabilities	<u>876,471</u>	<u>432,190</u>
Total liabilities	<u>5,105,243</u>	<u>4,554,131</u>
Deferred inflows of resources	<u>129,513</u>	<u>89,019</u>
Net investment in capital assets	19,108,187	19,196,389
Restricted	102,998	72,824
Unrestricted	<u>7,998,063</u>	<u>8,720,481</u>
Total Net Position	<u>\$ 27,209,248</u>	<u>\$ 27,989,694</u>

A portion of the Town's net position (0.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities decreased the Town's net position by \$780,446 as presented in the Statement of Changes in Net Position below:

CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 422,763	\$ 485,753
Operating grants and contributions	1,999,234	1,907,610
Capital grants and contributions	331,649	826,991
General revenues:		
Property taxes	27,636,712	27,769,110
Grants and contributions not restricted to specific programs	93,786	147,991
Unrestricted investment earnings	51,349	30,738
Other general revenues	200	161,748
Total revenues	<u>30,535,693</u>	<u>31,329,941</u>
Expenses:		
General government	2,596,996	2,829,354
Public safety	1,149,444	1,167,256
Public works	3,087,324	2,989,389
Health and welfare	399,354	304,083
Miscellaneous organizations/recreation	556,546	573,294
Education	23,465,940	22,376,890
Interest on long-term debt	60,535	67,998
Total expenses	<u>31,316,139</u>	<u>30,308,264</u>
Change in net position	(780,446)	1,021,677
Net Position at Beginning of Year	<u>27,989,694</u>	<u>26,968,017</u>
Net Position at End of Year	<u>\$ 27,209,248</u>	<u>\$ 27,989,694</u>

Key elements of this decrease are as follows:

- Capital grants and contributions decreased by \$495,342 due to donation of the Dish Mill bridge reconstructed by the State to the Town in the prior year totaling \$500,000.
- General government expenses decreased by \$232,358 due to saving realized from lower fuel consumption for Public Buildings and decrease spending for Central Services and the spending of state grants in the prior year.
- Education expenses increased by \$1,089,050 due to the increase in the school budget and the percentage of the Regional School District No. 17's budget that is allocated to the Town of Haddam. The allocation is based upon enrollment.
- Public works expenses increased by \$97,935 due to the Town's road maintenance program.

Financial Analysis of the Town's Funds

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

Governmental funds. The focus of the Town'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,701,475. The Town's components of fund balance are as follows: 1) Nonspendable for loans under the federal Small Cities program (\$66,112), 2) restricted for grants (\$102,998), committed for capital projects, the road reconstruction and special revenue activities (\$3,054,851), assigned for subsequent years budget (\$128,000) and debt service (\$676,137) and unassigned of (\$4,673,377).

The total fund balance increased by \$437,753, which is due to the positive operating results of the General Fund of \$535,430, the Capital Nonrecurring Fund of \$112,737, offset by the Road Fund of \$(218,797).

The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,673,377. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 15.2% of total General Fund expenditures and transfers out.

Capital Nonrecurring Fund. This fund accounts for the Town's annual budget appropriation that is the funding for the Town's ten-year capital plan. The ten-year capital plan includes funding for purchases and items that are reserved for specific approved projects. Currently there are approximately 90 separate projects, with many projects funded over multiple years. The Capital Projects fund's revenues and transfers exceeded its expenditures by \$112,737 due to the amount of the current year funding being greater than the amount expended for active projects. This is due to the multi-year funding of large items like fire trucks and other heavy equipment. The purchases are made once the funding has been completed. Total fund balance totaled \$1,501,844.

General Fund Budgetary Highlights

The most significant budgetary items were the General Government operations that were realized from economies set in place during the year.

Key factors related to the positive operations of the General Fund were as follows:

Revenue factors

- Tax revenue collections exceeded estimates by \$183,144
- Charges for services exceeded the budget by \$20,788 mainly due to license and permits and recording fees.

Expenditure factors

- Unused contingency balance totaled \$54,800.
- The Fire Protection budget was under spent by \$33,388.
- Public Works had unused funds in the amount of \$32,957 due to the mild winter conditions.

There were no additional appropriations during the year.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets totaled \$21,544,632 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The net decrease in the Town's investment in capital assets for the current fiscal year was \$279,627. This decrease is largely due to depreciation expense in excess of capital asset additions. The Town's capitalization policy is that only those assets with a cost \$5,000 or more with a useful life exceeding one year are capitalized.

Major capital asset events during the current fiscal year included the following:

- Construction in progress activity was for continued road reconstruction projects.
- There were machinery and equipment additions totaling \$268,015. This includes both new equipment and the purchase of new vehicles as approved in the capital budget.

CAPITAL ASSETS - NET

	<u>2016</u>	<u>2015</u>
Land	\$ 934,383	\$ 934,383
Construction in progress	1,026,811	765,375
Land improvements	3,811,493	3,912,124
Buildings and improvements	3,482,918	3,630,302
Machinery and equipment	848,449	709,962
Infrastructure	10,247,837	10,468,611
Motor vehicles	<u>1,192,741</u>	<u>1,403,502</u>
Total	<u>\$ 21,544,632</u>	<u>\$ 21,824,259</u>

Additional information on the Town's capital assets can be found in Note 5.

Long-term liabilities. At the end of the current fiscal year, the Town had total debt outstanding of \$2,380,000. All debt is backed by the full faith and credit of the Town.

LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Bonds payable	\$ 2,380,000	\$ 2,520,000
Capital leases		<u>47,897</u>
Total	<u>\$ 2,380,000</u>	<u>\$ 2,567,897</u>

The Town's long-term debt decrease during the year by \$187,897 due to scheduled debt service payments.

The Town has a bond rating from Moody's of Aa3.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$200,296,383, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for October 2016 for the Town is currently 2.9%, which is a decrease from a rate of 2.7% a year ago. The Town's rate is favorable as compared to the State rate of 5.1% and comparable to the Hartford Labor Market rate of 4.5%.
- The Town continues to be under fiscal pressure to control tax increases. While the general government portion of the budget has remained flat, Haddam's portion of the regional education budget has increase due to the continued shift in enrollment. The Town also has identified improvements that need to be made to it infrastructure (road and bridges) and the possible future development of water and sewer systems.
- Bond authorization for \$6,480,000 was approved by Town Meeting on July 28, 2016 to address the identified roads and bridge improvements.

All of these factors were considered in preparing the Town's budget for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance, Town of Haddam, 30 Field Park Drive, Haddam, CT 06438.

**Basic
Financial
Statements**

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Assets:	
Cash and cash equivalents	\$ 9,442,770
Investments	24,963
Receivables:	
Property taxes, net of allowance for uncollectibles of \$700,000	463,632
Interest on property taxes, net of allowance for uncollectibles of \$1,000,000	137,610
Other	86,864
Capital assets:	
Nondepreciable	1,961,194
Depreciable, net	19,583,438
Total assets	<u>31,700,471</u>
Deferred Outflows of Resources:	
Differences in expected and actual pension experience	89,573
Changes in pension actuarial assumptions	136,111
Changes in projected pension investment earnings	517,849
Total deferred outflows of resources	<u>743,533</u>
Liabilities:	
Accounts payable	808,981
Accrued salaries and benefits payable	462
Unearned revenue	67,028
Noncurrent liabilities:	
Due within one year	158,318
Due in more than one year	4,070,454
Total liabilities	<u>5,105,243</u>
Deferred Inflows of Resources:	
Differences in expected and actual pension experience	94,825
Differences in pension actuarial assumptions	34,688
Total deferred inflows of resources	<u>129,513</u>
Net Position:	
Net investment in capital assets	19,108,187
Restricted for:	
General government	34,184
Health and welfare	68,814
Unrestricted	7,998,063
Total Net Position	<u>\$ 27,209,248</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,596,996	\$ 382,779	\$ 43,927	\$	\$ (2,170,290)
Public safety	1,149,444	37,034	26,993		(1,085,417)
Public works	3,087,324	2,950	3,276	331,649	(2,749,449)
Health and welfare	399,354				(399,354)
Culture and recreation	556,546				(556,546)
Education	23,465,940		1,925,038		(21,540,902)
Interest expense	60,535				(60,535)
Total	\$ 31,316,139	\$ 422,763	\$ 1,999,234	\$ 331,649	(28,562,493)
General revenues:					
Property taxes, levied for general purposes					27,636,712
Grants and contributions not restricted to specific programs					93,786
Unrestricted investment earnings					51,349
Miscellaneous					200
Total general revenues					<u>27,782,047</u>
Change in Net Position					(780,446)
Net Position at Beginning of Year					<u>27,989,694</u>
Net Position at End of Year					<u>\$ 27,209,248</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,016,672	\$ 98,832	\$	\$ 327,266	\$ 9,442,770
Investments				24,963	24,963
Receivables:					
Property taxes, net of allowance for uncollectibles of \$700,000	463,632				463,632
Other	1,324			85,540	86,864
Due from other funds	5,104	1,403,012	1,368,033	816,216	3,592,365
Total Assets	<u>\$ 9,486,732</u>	<u>\$ 1,501,844</u>	<u>\$ 1,368,033</u>	<u>\$ 1,253,985</u>	<u>\$ 13,610,594</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 634,000	\$	\$ 151,632	\$	\$ 785,632
Accrued salaries and benefits payable	462				462
Unearned revenue				67,028	67,028
Due to other funds	3,587,261			5,104	3,592,365
Total liabilities	<u>4,221,723</u>	<u>-</u>	<u>151,632</u>	<u>72,132</u>	<u>4,445,487</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	463,632				463,632
Fund balances:					
Nonspendable				66,112	66,112
Restricted				102,998	102,998
Committed		1,501,844	1,216,401	336,606	3,054,851
Assigned	128,000			676,137	804,137
Unassigned	4,673,377				4,673,377
Total fund balances	<u>4,801,377</u>	<u>1,501,844</u>	<u>1,216,401</u>	<u>1,181,853</u>	<u>8,701,475</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,486,732</u>	<u>\$ 1,501,844</u>	<u>\$ 1,368,033</u>	<u>\$ 1,253,985</u>	<u>\$ 13,610,594</u>

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**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

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

Total fund balances for governmental funds (Exhibit III)	\$	8,701,475
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	\$	66,118,718	
Less accumulated depreciation and amortization		<u>(44,574,086)</u>	
Total capital assets, net			21,544,632

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax receivables	463,632
Deferred outflows related to differences in expected and actual pension experience	89,573
Deferred outflows related to changes in pension actuarial assumptions	136,111
Deferred outflows related to changes in projected pension investment earnings	517,849

Accrued interest on property taxes, net, is not susceptible to accrual and, therefore, is not reported in the governmental funds.

137,610

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported in the funds:

Bonds payable	(2,380,000)
Unamortized bond premium	(56,445)
Compensated absences	(36,132)
Net pension liability	(1,505,490)
Deferred inflows related to differences in expected and actual pension experience	(94,825)
Deferred inflows related to changes in pension actuarial assumptions	(34,688)
Interest payable on bonds	(23,349)
Landfill closure and post closure costs	<u>(250,705)</u>

Net Position (Exhibit I)	\$	<u>27,209,248</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 28,685,674	\$	\$	\$	\$ 28,685,674
Intergovernmental	2,134,441		246,301	22,081	2,402,823
Charges for services	413,788			9,175	422,963
Income from investments	36,906	10		14,433	51,349
Total revenues	<u>31,270,809</u>	<u>10</u>	<u>246,301</u>	<u>45,689</u>	<u>31,562,809</u>
Expenditures:					
Current:					
General government	2,334,129			37,272	2,371,401
Public safety	880,787				880,787
Public works	1,823,843			34	1,823,877
Health and welfare	399,354				399,354
Culture and recreation	529,841				529,841
Education	23,465,940				23,465,940
Debt service:					
Principal and interest payments	254,285				254,285
Capital outlay		434,473	965,098		1,399,571
Total expenditures	<u>29,688,179</u>	<u>434,473</u>	<u>965,098</u>	<u>37,306</u>	<u>31,125,056</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,582,630</u>	<u>(434,463)</u>	<u>(718,797)</u>	<u>8,383</u>	<u>437,753</u>
Other Financing Sources (Uses):					
Transfers in		547,200	500,000		1,047,200
Transfers out	(1,047,200)				(1,047,200)
Total other financing sources (uses)	<u>(1,047,200)</u>	<u>547,200</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	535,430	112,737	(218,797)	8,383	437,753
Fund Balances at Beginning of Year	<u>4,265,947</u>	<u>1,389,107</u>	<u>1,435,198</u>	<u>1,173,470</u>	<u>8,263,722</u>
Fund Balances at End of Year	<u>\$ 4,801,377</u>	<u>\$ 1,501,844</u>	<u>\$ 1,216,401</u>	<u>\$ 1,181,853</u>	<u>\$ 8,701,475</u>

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**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances for governmental funds (Exhibit IV) \$ 437,753

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 and amortization expense. The amount by which depreciation exceeded capital outlays in the current period is as follows:

Capital outlay	\$	667,120	
Depreciation expense		(944,583)	
Net adjustment			(277,463)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Change in compensated absences			16,291
Change in landfill closure and post-closure costs			9,285
Change in net pension liability			(323,832)
Change in deferred inflows related to differences in expected and actual pension experience			(5,806)
Change in deferred inflows related to changes in actuarial assumptions			(34,688)

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. (2,164)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in interest receivable			(575,451)
Change in deferred outflows related to differences in expected and actual pension experience			23,857
Change in deferred outflows related to changes in projected investment earnings			(55,118)
Change in deferred outflows related to changes in actuarial assumptions			264,805

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as unearned revenues in the governmental funds.

Change in unearned revenue			(451,665)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Amortization of bond premiums			3,528
Accrued interest			2,325
Principal repayments on bonds			140,000
Principal repayments on capital leases			47,897

Change in Net Position of Governmental Activities \$ (780,446)

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes, interest and lien fees	\$ 28,414,661	\$ 28,414,661	\$ 28,685,674	\$ 271,013
Intergovernmental	2,118,915	2,118,915	2,134,441	15,526
Charges for services	393,000	393,000	413,788	20,788
Interest income	22,000	22,000	36,906	14,906
Total revenues	<u>30,948,576</u>	<u>30,948,576</u>	<u>31,270,809</u>	<u>322,233</u>
Expenditures:				
Current:				
General government	2,490,923	2,445,723	2,334,129	111,594
Public safety	883,607	928,807	880,787	48,020
Public works	1,952,300	1,856,800	1,823,843	32,957
Health and welfare	410,981	410,981	399,354	11,627
Culture and recreation	538,839	538,839	529,841	8,998
Education	23,465,940	23,465,940	23,465,940	-
Debt service	254,286	254,286	254,285	1
Total expenditures	<u>29,996,876</u>	<u>29,901,376</u>	<u>29,688,179</u>	<u>213,197</u>
Excess of revenues over expenditures	951,700	1,047,200	1,582,630	535,430
Other financing uses:				
Transfers out	<u>(951,700)</u>	<u>(1,047,200)</u>	<u>(1,047,200)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	535,430	\$ <u>535,430</u>
Fund Balance at Beginning of Year			<u>4,265,947</u>	
Fund Balance at End of Year			\$ <u>4,801,377</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 259,662
Investments:		
Mutual funds	<u>5,754,043</u>	<u> </u>
Total assets	<u>5,754,043</u>	<u>\$ 259,662</u>
Liabilities:		
Due to others	<u> </u>	<u>\$ 259,662</u>
Total liabilities	<u>-</u>	<u>\$ 259,662</u>
Net Position:		
Net Position Restricted for Pensions and Other Benefits	<u>\$ 5,754,043</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	\$ <u>317,486</u>
Deductions:	
Benefit payments	262,788
Investment income (loss):	
Changes in fair value	<u>35,536</u>
Total deductions	<u>298,324</u>
Change in Net Position	19,162
Net Position at Beginning of Year	<u>5,734,881</u>
Net Position at End of Year	<u><u>\$ 5,754,043</u></u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Haddam, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town of Haddam, Connecticut, was incorporated in 1668. The Town operates under the Board of Selectmen, Town Meeting and Board of Finance form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning and zoning, and general administrative services to its residents. The Town is a member of Regional School District No. 17 (the District) along with the Town of Killingworth. The District provides education for grades K-12.

The basic financial statements of the Town include only the funds of the Town, as no component units exist based on operational or financial relationships with the Town.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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. Only property taxes collected during the year are recorded as revenues. The Town considers reimbursement grant revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to landfill closure and postclosure and claims and judgments, are recorded only when payment is due.

Grants and contracts, and interest associated with the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the Town.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town reports the following major governmental funds:

General Fund

This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Nonrecurring Fund

This fund is to account for the projects approved as part of the Town's five-year capital plan.

Road Fund

This fund is to account for the construction and maintenance of Town roads.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds

These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: The Town of Haddam Retirement Plan and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan.

Agency Funds

These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets held for performance bonds. This fund accounts for monies received to ensure that driveways, lawns and roads are installed to correct specifications for new home construction.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments.

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

F. Capital Assets

Capital assets, which include property, 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 Town as assets with an initial individual cost of more than \$5,000 for equipment, \$20,000 for building improvements and \$20,000 for infrastructure, and an estimated useful life of at least five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	50
Buildings and improvements	40 - 75
Machinery and equipment	5 - 25
Motor vehicles	5 - 15
Infrastructure	30 - 50

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for changes in assumptions, net difference between projected and actual earnings of the pension plan investments and differences in expected and actual pension experience. The deferred outflow related to the change in assumptions and deferred outflows related to differences in expected and actual pension experience will be amortized over the average remaining service life of all plan members. The deferred outflow for the net difference between projected and actual earnings of the pension plan investments will be amortized over a five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources for deferred inflows of resources related to pensions. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

J. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted because a restriction is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories, loans and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Haddam Board of Finance).

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

The Town Boards shall propose budgets that provide for an unassigned general fund balance of not less than five (5) percent or more than ten (10) percent of the total operating general fund expenditures.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

K. Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1.

Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest and lien fees of \$700,000 and \$1,000,000, respectively, as of June 30, 2016.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and received in the current period. Property taxes receivable outstanding as of the end of the fiscal year are reflected in unavailable revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent year's assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

L. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- At the annual Town Meeting in May, at which taxpayer comments are obtained, the proposed operating budget for the fiscal year commencing July 1 is presented. The operating budget, which is prepared by fund, function and department, includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally enacted at a Town Meeting.
- The Board of Selectmen is authorized to transfer budgeted amounts within departments. Transfers of budgeted amounts between departments must be approved by the Board of Finance. The Board of Finance can approve additional appropriations for a department provided such additional appropriations do not exceed \$20,000, or is a second request. Appropriations in excess of \$20,000 must be submitted to a Town Meeting for approval. Management of the Town is not authorized to transfer budgeted amounts or to approve additional appropriations. There were no additional appropriations made during the year.

**TOWN OF HADDAM, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

- The Regional School District is responsible for the administration of the Board of Education budget.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting.
- The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.

3. CASH AND CASH EQUIVALENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$8,142,503 of the Town’s bank balance of \$9,671,190 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,253,253
Uninsured and collateralized with securities held by the pledging bank’s trust department or agent but not in the Town’s name	<u>889,250</u>
	<u><u>\$ 8,142,503</u></u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2016, the Town had \$8,228,778 in highly liquid money market accounts.

4. INVESTMENTS

As of June 30, 2016, the Town's investments consisted of the following:

	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificate of Deposit	*	\$ 24,963	\$ 24,963	\$ -	\$ -
Other investments:					
Mutual Funds	N/A	5,754,043			
Total Investments		\$ 5,779,006			

N/A - Not Applicable

* Subject to coverage by Federal Depository Insurance and Collateralization

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>June 30, 2016</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Equity Securities				
Mutual Funds	\$ 5,754,043	\$ 5,754,043	\$ -	\$ -
Investments not recorded at fair value:				
Certificate of Deposit	24,963			
Total Investments	\$ 5,779,006			

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Mutual Funds

Mutual funds are valued using Level 1 inputs, which consist of the quoted price of shares held at year end.

Interest Rate Risk

The Town does not have a formal investment policy that limits Town or Pension Trust Fund investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut State Statutes. Connecticut State Statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2016. The Town does not have a policy for custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5% of the Pension Trust Fund investments are in mutual funds, but are not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 934,383				\$ 934,383
Construction in progress	765,375	399,105	2,164	(135,505)	1,026,811
Total capital assets not being depreciated	<u>1,699,758</u>	<u>399,105</u>	<u>2,164</u>	<u>(135,505)</u>	<u>1,961,194</u>
Capital assets being depreciated:					
Land improvements	4,279,961				4,279,961
Buildings and improvements	5,984,439				5,984,439
Machinery and equipment	2,401,976	268,015			2,669,991
Infrastructure	47,253,333			135,505	47,388,838
Motor vehicles	3,841,295		7,000		3,834,295
Total capital assets being depreciated	<u>63,761,004</u>	<u>268,015</u>	<u>7,000</u>	<u>135,505</u>	<u>64,157,524</u>
Less accumulated depreciation for:					
Land improvements	367,837	100,631			468,468
Buildings and improvements	2,354,137	147,384			2,501,521
Machinery and equipment	1,692,014	129,528			1,821,542
Infrastructure	36,784,722	356,279			37,141,001
Motor vehicles	2,437,793	210,761	7,000		2,641,554
Total accumulated depreciation	<u>43,636,503</u>	<u>944,583</u>	<u>7,000</u>		<u>44,574,086</u>
Total capital assets being depreciated, net	<u>20,124,501</u>	<u>(676,568)</u>	-	135,505	<u>19,583,438</u>
Capital Assets, Net	<u>\$ 21,824,259</u>	<u>\$ (277,463)</u>	<u>\$ 2,164</u>	<u>\$ -</u>	<u>\$ 21,544,632</u>

Depreciation expense was charged to functions of the Town as follows:

General government	\$ 103,288
Public safety	239,796
Public works	591,237
Culture and recreation	<u>10,262</u>
Total Depreciation Expense	<u>\$ 944,583</u>

Construction Commitments

The Town has no active construction projects as of June 30, 2016.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
Roads Fund	General Fund	\$ 1,368,033
Capital Nonrecurring Fund	General Fund	1,403,012
Nonmajor Funds	General Fund	816,216
General Fund	Nonmajor Funds	<u>5,104</u>
Total		<u>\$ 3,592,365</u>

The above balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental funds:		
Capital Nonrecurring Fund	General Fund	\$ 547,200
Roads Fund	General Fund	<u>500,000</u>
Total		<u>\$ 1,047,200</u>

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond payable:					
Bonds payable	\$ 2,520,000	\$	\$ 140,000	\$ 2,380,000	\$ 140,000
Bond premium	59,973		3,528	56,445	
Total bonds payable	2,579,973		143,528	2,436,445	140,000
Capital leases	47,897		47,897		
Net pension liability	1,181,658	586,620	262,788	1,505,490	
Landfill post-closure costs	259,990		9,285	250,705	9,285
Compensated absences	52,423	36,132	52,423	36,132	9,033
Long-Term Liabilities	<u>\$ 4,121,941</u>	<u>\$ 622,752</u>	<u>\$ 515,921</u>	<u>\$ 4,228,772</u>	<u>\$ 158,318</u>

The above liabilities will be liquidated by General Fund appropriations.

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding June 30, 2016</u>
Bonds Payable:					
General Bonds	8/30/2012	\$ 2,800,000	2.0-3.0%	8/15/2032	\$ 2,380,000

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 140,000	\$ 64,365	\$ 204,365
2017	140,000	60,165	200,165
2018	140,000	55,965	195,965
2019	140,000	51,765	191,765
2020	140,000	47,565	187,565
2021-2025	700,000	177,625	877,625
2026-2030	700,000	97,318	797,318
2031-2033	<u>280,000</u>	<u>15,050</u>	<u>295,050</u>
	<u>\$ 2,380,000</u>	<u>\$ 569,818</u>	<u>\$ 2,949,818</u>

B. Debt Limitations

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$200,296,383 as of June 30, 2016. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2016.

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 64,380,980	\$ 2,380,000	\$ 62,000,980
Schools	128,761,961	5,702,599	123,059,362
Sewers	107,301,634		107,301,634
Urban renewal	92,994,749		92,994,749
Pension deficit	85,841,307		85,841,307

C. Regional School District Commitments

The Town is a member of Regional School District No. 17, which provides education facilities for grades kindergarten through twelve for the towns of Haddam and Killingworth. As of June 30, 2016, the outstanding bonded indebtedness of the District was \$9,695,000. The Town of Haddam's share will be 58.82% of the outstanding indebtedness, or \$5,702,599. These are general obligations of Regional School District No. 17 and its member towns. However, the Town is not required to record its share in its financial statements.

D. Landfill Post-Closure Care Costs

State and federal laws and regulations require landfill closures to meet certain standards. The Town has completed the final capping of the landfill as of June 30, 2013. Estimated monitoring costs for the next 27 years at \$9,285 per year are \$250,705. These amounts are based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

E. Other

In the course of Town operations, there may be occurrences in which miscellaneous long-term obligations are incurred. These liabilities are recorded when an obligation can be reasonably estimated and has a reasonable probability of becoming due and payable.

8. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Loans receivable	\$ _____	\$ _____	\$ _____	\$ 66,112	\$ 66,112
Restricted:					
Grants	_____	_____	_____	102,998	102,998
Committed:					
General government	_____	_____	_____	139,993	139,993
Public works	_____	_____	_____	17,571	17,571
Capital projects	_____	1,501,844	1,216,401	140,079	2,858,324
Open space	_____	_____	_____	38,963	38,963
Debt service	_____	_____	_____	-	-
Total committed	_____	<u>1,501,844</u>	<u>1,216,401</u>	<u>336,606</u>	<u>3,054,851</u>
Assigned to:					
Subsequent year's budget	128,000	_____	_____	_____	128,000
Debt service	_____	_____	_____	676,137	676,137
Total assigned	<u>128,000</u>	_____	_____	<u>676,137</u>	<u>804,137</u>
Unassigned	<u>4,673,377</u>	_____	_____	_____	<u>4,673,377</u>
Total Fund Balances	<u>\$ 4,801,377</u>	<u>\$ 1,501,844</u>	<u>\$ 1,216,401</u>	<u>\$ 1,181,853</u>	<u>\$ 8,701,475</u>

9. PENSION PLANS

A. Plan Administration

Plan Descriptions

The Town maintains two single-employer defined benefit pension plans: The Town of Haddam Retirement Plan (the Town Employees' Pension Plan) and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan (the Volunteer Firefighters' Pension Plan) (collectively the Plans). Benefit provisions of the Plans are established and can be amended by the Board of Selectmen. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

**TOWN OF HADDAM, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

Benefit Provisions

Town Employees' Pension Plan

Each employee of the Town who is scheduled to work at least 30 hours per week for 12 months of the year is eligible to participate in the plan. The plan provides retirement benefits as well as death and disability benefits. Participants are 100% vested after seven years. Annual retirement benefits for plan participants are 2% of an employees' final average compensation multiplied by the number of years of credited service, up to a maximum of 30 years.

Volunteer Firefighters' Pension Plan

Each volunteer firefighter whose name is on the roster of the Haddam Volunteer Fire Company and the Haddam Neck Volunteer Fire Department as of the effective date of the plan is eligible to participate in the Volunteer Firefighters' Pension Plan, following one year of credited service. This plan does not provide disability benefits. Under the provisions of the plan, the Town must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Benefits and contributions are established by the Town. The State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town.

Plan Membership

Membership of the plans consisted of the following at the date of the latest actuarial valuations:

	<u>Town Plan</u>	<u>Firefighters' Plan</u>
Retirees and beneficiaries currently receiving benefits	16	28
Vested terminated plan members	7	36
Active plan members	<u>24</u>	<u>72</u>
	<u><u>47</u></u>	<u><u>136</u></u>

Contributions

Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town is required to annually contribute an actuarially determined amount to fund benefits.

For the year ended June 30, 2016, employer contributions to the Town Employees' Pension Plan represented 20.38% of covered payroll. Employer contributions for the Firefighters' Plan were an actuarial determined amount of \$96,615 for the year ended June 30, 2016.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan Trustees by a majority vote of its members. It is the policy of the plan to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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

The following was the Trustees' adopted asset allocation policy and long-term expected real rate of return for both plans as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Domestic equity	38%	5.00%	7.75%
International equity	18%	5.00%	7.75%
Fixed income	40%	1.75%	4.50%
Real estate and alternatives	4%	4.00%	6.75%
General account	0%	0.25%	3.00%
Total	<u>100%</u>		

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Town Employees' Pension Plan and the Volunteer Firefighters' Pension Plan was -0.56% and -0.73%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Contributions

There were no investments in any one organization that represent 5% or more of the pension plan net position.

Net Pension Liability of the Town

The Town's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 for the Volunteer Firefighters' Merit Service Retirement Plan and January 1, 2016 for the Employees' Pension Plan.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

The components of the net pension liability of the Town at June 30, 2016 were as follows:

	<u>Town Plan</u>	<u>Firefighters' Plan</u>
Total pension liability	\$ 5,307,228	\$ 1,952,305
Plan fiduciary net position	<u>4,301,980</u>	<u>1,452,063</u>
Net Pension Liability	<u>\$ 1,005,248</u>	<u>\$ 500,242</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.06%</u>	<u>74.38%</u>

Actuarial Assumptions

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

Inflation	3.00%
Salary increases	5.00% compounded annually
Investment rate of return	6.50%, compounded annually

The total firefighters' pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	6.50%, compounded annually

Mortality rates were based on the RP-2000 non-annuitant mortality tables projected using Scale AA, 15 years for males (setback 2 years) and 25 years for females (setback 1 year).

The actuarial assumptions used in the July 1, 2015 valuation for the firefighters' plan and in the January 1, 2016 valuation for the employees' plan are based on the mortality tables used for the Connecticut state employees' retirement system.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Changes in the Net Pension Liability

Town of Haddam Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 4,982,498	\$ 4,229,618	\$ 752,880
Changes for the year:			
Service cost	167,624		167,624
Interest on total pension liability	318,674		318,674
Differences between expected and actual experience	44,324		44,324
Changes in assumptions	(46,251)		(46,251)
Employer contributions		256,564	(256,564)
Net investment income (loss)		(24,561)	24,561
Benefit payments, including refund to employee contributions	(159,641)	(159,641)	-
Net changes	<u>324,730</u>	<u>72,362</u>	<u>252,368</u>
Balances as of June 30, 2016	<u>\$ 5,307,228</u>	<u>\$ 4,301,980</u>	<u>\$ 1,005,248</u>

Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 1,934,041	\$ 1,505,263	\$ 428,778
Changes for the year:			
Service cost	39,598		39,598
Interest on total pension liability	122,360		122,360
Differences between expected and actual experience	(40,547)		(40,547)
Changes in assumptions			-
Employer contributions		60,922	(60,922)
Net investment income (loss)		(10,975)	10,975
Benefit payments, including refund to employee contributions	(103,147)	(103,147)	-
Net changes	<u>18,264</u>	<u>(53,200)</u>	<u>71,464</u>
Balances as of June 30, 2016	<u>\$ 1,952,305</u>	<u>\$ 1,452,063</u>	<u>\$ 500,242</u>

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

The following presents the net pension liability of the Town, calculated using the discount rate of 6.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town Employees' Plan	\$ 1,519,088	\$ 1,005,248	\$ 554,678
Firefighters' Plan	723,153	500,242	309,153

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

For the year ended June 30, 2016, the Town recognized pension expense of \$448,272. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Town Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,243	\$ 59,346
Changes of assumptions	97,302	34,688
Net difference between projected and actual earning on pension plan investments	<u>381,485</u>	<u> </u>
Total	<u>\$ 512,030</u>	<u>\$ 94,034</u>

	<u>Firefighters' Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,330	\$ 35,479
Changes of assumptions	38,809	
Net difference between projected and actual earning on pension plan investments	<u>136,364</u>	<u> </u>
Total	<u>\$ 231,503</u>	<u>\$ 35,479</u>

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

Year Ending June 30,

2017	\$ 174,561
2018	174,561
2019	155,584
2020	92,805
2021	10,788
Thereafter	<u>5,721</u>
Total	<u>\$ 614,020</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Combining Statement of Net Position

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
ASSETS			
Investments, at Fair Value	\$ 4,301,980	\$ 1,452,063	\$ 5,754,043
NET POSITION			
Net Position Restricted for Pensions and Other Benefits	\$ 4,301,980	\$ 1,452,063	\$ 5,754,043

Combining Statement of Changes in Plan Net Position

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Additions:			
Employer contributions	\$ 256,564	\$ 60,922	\$ 317,486
Deductions:			
Benefit payments	159,641	103,147	262,788
Investment income (loss):			
Changes in fair value	24,561	10,975	35,536
Total deductions	184,202	114,122	298,324
Change in Net Position	72,362	(53,200)	19,162
Net Position at Beginning of Year	4,229,618	1,505,263	5,734,881
Net Position at End of Year	\$ 4,301,980	\$ 1,452,063	\$ 5,754,043

10. COMMITMENTS AND CONTINGENCIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments that would materially affect the Town's financial position.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowance, if any, will not be material.

11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims that exceeded the Town's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Town is also a member in Regional School District No. 17's medical health insurance fund, a public entity risk pool established for the purpose of administering medical benefits for each participating entity in the fund. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$75,000 for each insured occurrence. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; it is not possible to estimate the amount of such additional assessments.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

12. SUBSEQUENT EVENT

On August 24, 2016, the Town issued \$2,700,000 in general obligation temporary notes with an interest rate of 0.89% and a maturity of May 25, 2017.

**Required
Supplementary
Information**

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN EMPLOYEES' PENSION PLAN
LAST THREE FISCAL YEARS*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 168,836	\$ 168,836	\$ 167,624
Interest	285,670	315,305	318,674
Differences between expected and actual experience	111,968	(118,691)	44,324
Changes of assumptions		194,605	(46,251)
Benefit payments, including refunds of member contributions	<u>(125,095)</u>	<u>(163,836)</u>	<u>(159,641)</u>
Net change in total pension liability	441,379	396,219	324,730
Total pension liability - beginning	<u>4,144,900</u>	<u>4,586,279</u>	<u>4,982,498</u>
Total pension liability - ending	<u>4,586,279</u>	<u>4,982,498</u>	<u>5,307,228</u>
Plan fiduciary net position:			
Contributions - employer	227,608	240,000	256,564
Net investment income	523,998	57,117	(24,561)
Benefit payments, including refunds of member contributions	(125,095)	(163,836)	(159,641)
Other	<u>11,243</u>		
Net change in plan fiduciary net position	637,754	133,281	72,362
Plan fiduciary net position - beginning	<u>3,458,583</u>	<u>4,096,337</u>	<u>4,229,618</u>
Plan fiduciary net position - ending	<u>4,096,337</u>	<u>4,229,618</u>	<u>4,301,980</u>
Net Pension Liability - Ending	<u>\$ 489,942</u>	<u>\$ 752,880</u>	<u>\$ 1,005,248</u>
Plan fiduciary net position as a percentage of the total pension liability	89.32%	84.89%	81.06%
Covered-employee payroll	\$ 1,096,743	\$ 989,549	\$ 845,364
Net pension liability as a percentage of covered-employee payroll	44.67%	76.08%	118.91%

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

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST THREE FISCAL YEARS*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 34,543	\$ 35,108	\$ 39,598
Interest	111,006	119,279	122,360
Differences between expected and actual experience	(17,856)	75,106	(40,547)
Changes of assumptions	89,800	51,745	
Benefit payments, including refunds of member contributions	<u>(96,232)</u>	<u>(102,370)</u>	<u>(103,147)</u>
Net change in total pension liability	121,261	178,868	18,264
Total pension liability - beginning	<u>1,633,912</u>	<u>1,755,173</u>	<u>1,934,041</u>
Total pension liability - ending	<u>1,755,173</u>	<u>1,934,041</u>	<u>1,952,305</u>
Plan fiduciary net position:			
Contributions - employer	82,646	83,000	60,922
Net investment income	196,428	20,591	(10,975)
Benefit payments, including refunds of member contributions	<u>(96,232)</u>	<u>(102,370)</u>	<u>(103,147)</u>
Net change in plan fiduciary net position	182,842	1,221	(53,200)
Plan fiduciary net position - beginning	<u>1,321,200</u>	<u>1,504,042</u>	<u>1,505,263</u>
Plan fiduciary net position - ending	<u>1,504,042</u>	<u>1,505,263</u>	<u>1,452,063</u>
Net Pension Liability - Ending	<u>\$ 251,131</u>	<u>\$ 428,778</u>	<u>\$ 500,242</u>
Plan fiduciary net position as a percentage of the total pension liability	85.69%	77.83%	74.38%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

N/A - Not applicable. Plan members are volunteers

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

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN EMPLOYEE'S PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 190,042	\$ 235,001	\$ 186,591	\$ 295,860	\$ 294,688	\$ 262,526	\$ 227,608	\$ 233,178	\$ 256,565	\$ 255,222
Contributions in relation to the actuarially determined contribution	90,000	125,000	420,834	312,000	187,000	294,688	262,526	227,608	240,000	256,564
Contribution Deficiency (Excess)	\$ <u>100,042</u>	\$ <u>110,001</u>	\$ <u>(234,243)</u>	\$ <u>(16,140)</u>	\$ <u>107,688</u>	\$ <u>(32,162)</u>	\$ <u>(34,918)</u>	\$ <u>5,570</u>	\$ <u>16,565</u>	\$ <u>(1,342)</u>
Covered-employee payroll	\$ 956,373	\$ 1,062,823	\$ 1,036,824	\$ 1,021,432	\$ 1,131,163	\$ 1,150,309	\$ 1,012,849	\$ 1,001,353	\$ 1,096,743	\$ 1,258,691
Contributions as a percentage of covered-employee payroll	9.41%	11.76%	40.59%	30.55%	16.53%	25.62%	25.92%	22.73%	21.88%	20.38%

Notes to Schedule

Valuation date: January 1, 2016
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of January 1, a half year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age
Amortization method: Level percentage of payroll, closed
Remaining amortization period: 6.5 years
Asset valuation method: Contract value for unallocated contracts and market value for pooled separate accounts
Inflation: 3.0%
Salary increases: Annual compensation is assumed to increase 4% per annum compounded annually
Investment rate of return: 6.50% per annum compounded annually
Retirement age: Normal retirement is age 65 and 5 years of participation
Early retirement is age 55 and 7 years of service
Mortality: RP-2000 non-annuitant mortality tables projected using Scale AA, 15 years for males (setback 2 years) and 25 years for females (setback 1 year)

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST THREE FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense:			
Town Employees' Pension Plan	13.72%	1.38%	-0.56%
Volunteer Firefighters' Pension Plan	15.05%	1.37%	-0.73%

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

Appendix B

Form of Opinion of Bond Counsel and Tax Matters

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Appendix B – Form of Legal Opinion of Bond Counsel and Tax Matters

May __, 2017

Town of Haddam
30 Field Park Drive
Haddam, CT 06438

RE: Town of Haddam, Connecticut
\$6,480,000 General Obligation Bonds, Issue of 2017, dated May __, 2017

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Haddam, Connecticut (the “Town”) of its \$6,480,000 General Obligation Bonds, Issue of 2017, dated May __, 2017 (the “Bonds”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Bonds, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, the final Official Statement or any other offering material relating to the Bonds (except only the matters set forth as our opinion in the Preliminary Official Statement and the final Official Statement), and we express no opinion relating thereto.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Bonds will be the valid and binding general obligations of the Town. The Bonds will be payable as to both principal and interest, unless paid from other sources, 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 certain classified property such as certified forest land taxable at a limited rate pursuant to Section 12-97 of the Connecticut General Statutes and dwelling houses of qualified elderly persons of low income taxable at limited amounts pursuant to Section 12-129b of the Connecticut General Statutes. Subject to conformity with Section 12-129d of the Connecticut General Statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses.

2. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest is not treated as a preference item for purposes of calculating the federal alternative minimum tax for individuals or corporations. Such interest is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Bonds are qualified to be "qualified tax-exempt obligations" of the Town in accordance with Section 265(b)(3) of the Code.

The opinions set forth in the preceding paragraphs are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Under existing law, 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 subject to and required to pay the federal alternative minimum tax.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any other federal or state tax consequence of ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

TAX MATTERS

Federal Tax Matters

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

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

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

rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Bonds.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

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

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Bonds.

Original Issue Discount

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of the Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income of the owners of the Bonds for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount

that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. The offering prices relating to the yields set forth on the cover page of the Official Statement for the OIP Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OIP Bonds are sold. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Bonds or the market price for, or marketability of, the Bonds. No assurance can be given with respect to the impact of future legislation on the Bonds. Prospective purchasers of the Bonds should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other

federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

Appendix C

Form of Continuing Disclosure Agreement

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Appendix C – Form of Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for the Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) is executed and delivered as of the ___ day of May, 2017, by the Town of Haddam, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$6,480,000 General Obligation Bonds, Issue of 2017, dated May ___, 2017 (the “Bonds”) for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Town, dated May ___, 2017, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2017) as follows:

(i) Audited financial statements of the Town's general fund, special revenue fund, capital projects funds, internal service and trust or agency funds, and the general long-term obligations account group (the "Governmental Funds") for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town is required to prepare audited financial statements of its various funds and accounts. The modified accrual basis of accounting is followed for the Town's general fund with major revenues recorded when measurable and available and expenditures recorded when incurred.

(ii) In addition to the information and statements described in (i) above:

- (A) amounts of the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage or amount of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total overall net debt as of the close of the fiscal year,
- (F) total bonded debt of the Town per capita,
- (G) ratios of the total bonded debt of the Town to the Town's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) status of contributions and liability for the Town's pension plans.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight (8) months after the close of the

fiscal year for which such information is being provided. The Town's fiscal year currently ends on June 30. The Town agrees that if audited information is not available eight months after the close of any fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is www.emma.msrb.org, or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The Town shall clearly identify each such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated statutory accounting principles as in effect from time to time, provided that the Town agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The Town may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) 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;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Town acknowledges that the undertakings set forth in Sections 2, 3 and 4 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time 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 within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the First Selectman, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the First Selectman, Town of Haddam, 30 Field Park Drive, Haddam, CT 06438.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under

this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of 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, (ii) this Agreement as so amended or waived 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 change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

TOWN OF HADDAM, CONNECTICUT

By: _____
LIZZ MILARDO
First Selectman

By: _____
ROBIN C. MUNSTER
Treasurer

Appendix D

Notice of Sale

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Appendix D – Notice of Sale

NOTICE OF SALE

TOWN OF HADDAM, CONNECTICUT
\$6,480,000 GENERAL OBLIGATION BONDS, ISSUE OF 2017
(BANK QUALIFIED)
BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS *solely* via **PARITY**® will be received by the TOWN OF HADDAM, CONNECTICUT (the “Town”), until 11:30 A.M. (E.D.T.) on TUESDAY,

MAY 9, 2017

for the purchase, when issued, of all (but not less than all) of the Town’s \$6,480,000 General Obligation Bonds, Issue of 2017, dated May 25, 2017 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on May 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2018	\$325,000	2028	\$325,000
2019	\$325,000	2029	\$325,000
2020	\$325,000	2030	\$325,000
2021	\$325,000	2031	\$325,000
2022	\$325,000	2032	\$325,000
2023	\$325,000	2033	\$325,000
2024	\$325,000	2034	\$320,000
2025	\$325,000	2035	\$320,000
2026	\$325,000	2036	\$320,000
2027	\$325,000	2037	\$320,000

The Bonds will bear interest payable on November 15, 2017 and semiannually thereafter on May 15 and November 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption

The Bonds maturing on or before May 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2024, either in whole or in part at any time, in such order of maturity and amount as the Town may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
May 15, 2024 and thereafter	100.0%

Nature of Obligation

The Bonds will constitute general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied against all taxable property in the Town. All property taxation is 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 and of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds SHALL 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.

DTC Book Entry

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. 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. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each

interest payment date. The record dates for the Bonds will be the last business day of April and October in each year.

Proposals

Each bid must be for the entire \$6,480,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under “Basis of Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

Basis of Award

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest true interest cost to the Town. For the purposes of determining the winning bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to May 25, 2017, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to May 25, 2017, the delivery date of the Bonds. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY**®. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**®, including any fee charged, may be obtained from **PARITY**®, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via **PARITY**®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY**® prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY**® for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Town nor **PARITY**® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town or **PARITY**® shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**®. The Town is using **PARITY**® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**® to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements

with and submission of bids via **PARITY**® are the sole responsibility of the bidders; and the Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY**®, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**® shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will also act as Registrar, Paying Agent and Transfer Agent.

Delivery and Payment

At or prior to the delivery of the Bonds the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut, Bond Counsel; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York on or about May 25, 2017.

Bond Counsel Opinion

The legality of the issue will be passed upon by Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed certificate regarding public reoffering price with respect to the Bonds awarded to such bidder, as described below under "Reoffering Prices".

The legal opinion will also state that based on and assuming the accuracy of and continuing compliance with certain written representations and agreements received from authorized officials of the Town in connection with the issuance and delivery of the Bonds, as to which bond counsel has made no independent verification, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and is not included in 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 subject to and required to pay the federal alternative minimum tax. The opinion will provide that although interest on the Bonds is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, interest on the Bonds may be includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of computing the federal alternative minimum tax imposed on such corporations.

The Bonds will be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Reoffering Prices

Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it, prior to the date of delivery of the Bonds, a completed certificate regarding public reoffering price with respect to the Bonds awarded to such purchaser, the form of such certificate to be furnished to the purchaser by Bond Counsel following the bond sale, to the effect that (A) the purchaser has either purchased the Bonds at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary, or (B) has made a bona fide public offering of the Bonds to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of each maturity of the Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Prior to the delivery date of the Bonds, the completed certificate shall be delivered to Michael P. Botelho, Esq., Updike, Kelly & Spellacy, P.C., 100 Pearl Street, 17th floor, P.O. Box 231277, Hartford, CT 06123, E-mail: mbotelho@uks.com, Telephone: (860) 548-2637.

Official Statement

For more information regarding the Bonds or the Town, reference is made to the Preliminary Official Statement dated May 1, 2017 (the “Official Statement”) prepared by the Town’s financial advisor, Phoenix Advisors, LLC, describing the Bonds and the financial condition of the Town. The Official Statement is available in electronic format at www.prospectushub.com, and such electronic access to the Official Statement is being provided as a matter of convenience only. The only official version of the Official Statement is the printed version for physical delivery. Copies of the Official Statement may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, Telephone (203) 283-1110. Twenty-five (25) copies of the Official Statement, which those bidding upon the Bonds should distribute to persons purchasing the Bonds from such bidders, will be made available by the Town to the purchaser of the Bonds by no later than the earlier of the delivery of the Bonds or the seventh business day after the bid opening. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission

Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. If the Town’s financial advisor, Phoenix Advisors, LLC, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, and the name of the managing underwriter of the Bonds.

Continuing Disclosure Agreement

As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Town to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

Bona Fide Public Offering

As a condition of the sale and delivery of the Bonds by the Town to the purchaser at closing, the purchaser must make a bona fide public offering of each of the maturities of the Bonds at the public offering prices set forth on the cover of the final Official Statement and provide satisfactory evidence thereof to the Town and Bond Counsel.

TOWN OF HADDAM, CONNECTICUT

LIZZ MILARDO
First Selectman

BARBARA J. BERTRAND
Finance Director

ROBIN C. MUNSTER
Treasurer

May 1, 2017

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